

FINANCIAL TIMES



Bad connections



Work Bank new boss



High stakes game Russian



Today's survey Portugal - Finance and investment

World Business Newspaper

Former Barings directors barred from new boards

Former directors of Barings, the collapsed London merchant banking group, have been barred temporarily by securities regulators from becoming directors of the new Barings businesses created by ING. in Frankfurt, Nick Leeson, the former Barings trader accused of bringing about the bank's collapse, formally opposed extradition to Singapore at a court hearing. Page 18

Alcatel board supports chairman: The board of Alcatel Alsthom expressed its confidence in Pierre Suard but failed to damp speculation that the chairman and chief executive of the French industrial group could be forced to step down as a result of a fraud investigation. Page 19; Lex. Page 18

French roll out red carpet for Castro



Mickey Kantor said. Page 18

Cuban president Fidel Castro (left), started a controversial visit to France with a red-carpet welcome from Socialist president François Mitterrand while a conservative minister called him a dictator. The 68-yearold communist revolutionary leader began his three-day stay with a kiss on both cheeks from

France's first lady Danielle Mitterrand. China agrees to WTO talks: China agreed to restart talks on joining the World Trade Organisa-tion after the US expressed support for its admis-sion. The new round of discussions will begin in Geneva next month, US trade representative

Personal computer sales quadruple: Worldwide sales of multimedia personal computers quadrupled last year to 10.3m units from 2.5m units shipped in 1993, according to a study by Dataquest, the US market research group. Page 20

Crédit Lyonnais losses up: Crédit Lyonnais, the troubled state-controlled French bank, is to report much greater than expected losses for 1994 of about FFr10bn (\$2bn), considerably higher than the losses of FFr6.9bn in 1993. Page 3

Zedillo marics 100 days: President Ernesto Zedillo marked his first 100 days in office with a sombre speech, promising Mexicans blood, sweat and tears while the country digs itself out of the worst financial crisis of the past 12 years. Page 6

Credit Suisse withdraws Budapest bid: Credit Suisse, the Swiss bank, withdrew from a bid for Budapest Bank of Hungary which would have resulted in its first foreign acquisition. Page 19

the UK were the fastest growing of the world's main drugs markets in 1994, both growing 8 per cent to \$52.9bn and \$5.6bn respectively. Page 9 Christopher meets Syrian leader: US

Secretary of State Warren Christopher said talks with Syrian President Hafez al-Assad in Damascus had been very good, raising the prospect of progress in the stalled Israeli-Syrian peace process. Page 4 Japanese bureaucrats punished: The

Japanese government punished six senior bureaucrats in an attempt to defuse criticism of the official rescue of two credit unions, which will be vital to the feasibility of any future bail-outs. Page 8

Cathay Profits profits up 4%: Cathay Pacific, the Hong Kong airline, unveiled net profits for 1994 of HK\$2.38hn (US\$309m) – just 4 per cent ahead of the HK\$2.29bn earned in 1993. Page 22

Storm hits flood-ravaged California: President Bill Clinton declared part of California a disaster area after another Pacific storm struck the state following storms which killed 11 people last' week. Experts said damage could cost \$2bn.

Missile blast near N-plant: A missile launched by a Russian pilot on a practice mission went out of control and exploded near a nuclear power station last Friday. It fell three miles from the Novovoronezh nuclear power station in western Russia.

EU growth slows: The European Union's economy grew 0.7 per cent in the third quarter of 1994 against 1.0 per cent in the previous quarter, the EU said. This compared with growth of 1.0 per cent in the US and 0.9 per cent in Japan.

We apologise to readers of the international edition for the recent erratic delivery of the paper in some regions. This has been caused by teething problems in a new computer and communications system. We are taking steps to prevent these prob-

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UK premier seeks Clinton help over IRA weapons

and John Kampiner in London

Letter from prime minister regrets US decision to meet Adams Mr John Major has written to President Bill Clinton asking him to put pressure on Mr Gerry

Adams, Sinn Fein leader, to take firm steps towards the decommis-sioning of IRA weapons. The prime minister's letter is understood to express regret at Mr Clinton's decision to meet Mr

Adams at a St Patrick's day celebration and to allow him to raise funds during his visit to the US. . Officials said yesterday the letter, sent on Friday, also suggested ways of minimising Major said: "We are in touch Thatcher when she was prime

any damage to the Northern Ireland peace process which may result from Mr Adams' presence at the White House. The response from Washington

was terse. Mr Michael McCurry, White House press secretary, said the administration had no second thoughts on the decision. We are aware of their ithe British] concerns," he said. Speaking in Jerusalem where he is leading a delegation aiming to boost Anglo-Israeli trade, Mr

with the White Housel on this

In remarks said by a senior official to echo the sentiments of the letter, Mr Major said: "I think it is important that pressure is put on Sinn Feln [to take steps to decommission arms]...I hope that course is urged upon him

[Mr Adams]."

Mr Major did little to allay fears that the "special relationship" between the two countries - a phrase much used by Lady minister - may have been irrepa-rably impaired. "I don't suppose we are going to agree on each and every subject," he said.

instead. Mr Major referred to the "very large number of interests in common" between the two The disclosure of the letter coincided with a move by Conser-

vative and Ulster Unionist MPs to rein in the government's contacts with the IRA's political wing. MPs were last night finalis-

arms must be made before government ministers or constitutional parties in Northern Ireland can be expected to enter into

talks with Sim Fein".

Mr Ken Maginnis, the Ulster Unionists' security spokesman and co-sponsor of the backbench motion, said he was telephoned by Mr Anthony Lake, Mr Clinton's national security adviser, last Thursday.

"I told him it was too late for ing a motion which says "huge clarification, that we were very,

demean ourselves by attending

the White House party."

He described the conversation
as "blunt and businessifike. They are in no doubt of our message. Mr Andrew Hunter, chairman of the Conservative backbench Northern Ireland committee and the other co-sponsor, said the motion was an attempt to persuade the government that "appeasement of Sinn Féin is

Tories aim to mend link with N Ireland MPs, Page 11

very dangerous".

EU freezes links with Canada over arrest of trawler

By Bernard Simon in Toronto, David White in Madrid and Caroline Southey in Brussels

The European Union froze all formal contacts with Canada as the dispute over seizure of a Spanish trawler intensified yes-

Spain was preparing to send a second naval vessel to protect its fishing fleet in the north-west Atlantic, where Canadian authorities detained the trawler after alleging that it had violated international limits on turbot fishing.

Mr Javier Solana, Spanish foreign minister, said Madrid was considering "all diplomatic measures", but would not be more explicit. He refused to rule out breaking off relations with Canada. and said Madrid had started filing procedures at the International Court of Justice in The Hague against Canada.
The EU is unwilling to discuss

complaints from Canada until after release of the trawler, the Estai, and its crew, taken into custody last Thursday. "All contacts which had been planned have been put on ice," a commission official said. The first casualty of the diplo-

matic freeze will be a planned political consultation today in Paris between officials from Canada and the EU, represented by Germany, France and Spain.

The vessel, which has been impounded in St John's Harbour, was seized outside Canada's 200-mile fishing zone. But Mr Allan Rock, Canada's justice minister, justified the arrest "on the principle that [international] law evolves to take into account changing circumstances.

Canada maintains that the seizure was necessary to conserve dwindling stocks of halibut in the north-west Atlantic after the virtual disappearance of cod and flounder. It has accused Spanish and Portuguese trawlers, and the Estai in particular, of flouting quotas agreed by the Northwest Atlantic Fisheries Organisa-

However, lawyers for the Estai are expected to tell a Newfoundland court today that Canada has no jurisdiction over the vessel or its captain. The Rstai's captain is

due to appear in court to face four charges under Canada's fish conservation laws.

The strong stance by Madrid reflects fierce reactions in Spain's Galicia region. The fleet of 40 freezer vessels based in Vigo relies on the catch of Greenland <u>halibut.</u>

The Canadian government is also under strong domestic pres-sure to maintain a tough line. The seizure of the Estai has been widely applauded, especially in Newfoundland, where about 30,000 jobs have been lost as a result of the collapse of the cod fishery.

Meanwhile, Mr Michael Jack the UK fisheries minister, expressed "some sympathy" with the Canadians, but insisted that the dispute should be settled through negotiation rather than "precipitate actions on the high

Although faced by a House of Commons largely hostile to the Spanish fishing industry and sympathetic to the Canadians, he refused to rule out Britain's joining possible EU sanctions against

Tapie in court for match-rigging trial



Bernard Tapie (right), the former French soccer boss and leftwing politician, speaks to police at Valenciennes courtroom yesterday. Mr Tapie was in court for a trial concerning the rigging of a key match between Marseille and Valenciennes in 1993. He denies any involvement in the affair and, dur-

ing the first day of the hearing yesterday, clashed with presiding judge Bernard Langlade, who threatened to expel him from court after he inter-rupted the reading of the charge sheet, insulted the public prosecutor and disrupted testimony.

Buffett writes down holding in USAir

Maggie Urry in New York and Michael Skapinker in London

Mr Warren Buffett, the US investment guru, dented his reputation as an investor and dealt a blow to USAir by writing down the value of his investment com-pany's stake in the troubled air-line by \$268.5m to \$89.5m. Mr Buffett said he would also quit the airline's board.

The decision puts further pressure on British Airways, the UK flag carrier, to write down the £261m (\$428m) book value of its

24.6 per cent stake in USAir. BA said yesterday its position on USAir remained unchanged. It said: "Our board has made it clear that it will only consider a write-down if there is a permanent diminution in the value of

It said its relationship with the US carrier was different from Mr Buffett's. "As far as he's concerned, it's a straightforward investment. For us, it's part of a

wider partnership. The write-down by Berkshire Hathaway, Mr Buffett's investment company, reflected an "other than temporary" decline in the value of the investment, it said when reporting 1994 results. The move suggests Mr Buffett cannot see an early solution to USAir's problems which would have allowed him to continue to carry the stake at cost.

Last November, Mr Buffett said he and Mr Charles Munger,

Continued on Page 18

Banks could take up to four years to prepare for Emu

Banks in the European Union will have to spend three to four years preparing for a single currency and between Ecu8bn and Ecu10bn (\$10.5bn.\$13.1bn) on implementing it, says a study published yesterday by the European Banking Federation.

Leaders of the federation - the trade organisation for European commercial banks - urged governments to produce the technical specifications for a single currency quickly to allow banks to make the change smoothly after European monetary union.

The Emu timetable envisages "rapid introduction" of a single currency after the start of the third stage of Emu - when exchange rates are locked. That is due between the start of 1997 and 1999.

The federation estimated a single currency would cost banks the equivalent of 2 per cent of operating costs for each year of changeover as they switched technology, changed banknotes and altered marketing material.

The British Bankers' Association said 2 per cent of UK banks' operating costs would be £914m (\$1.5bn) at 1994 prices. Changes to information technology would account for £436m of this, and stationery and marketing changes would cost £284m.

The study was based on a survey of 110 European banks in 14 countries. It follows a previous estimate from the Ecu Banking Association that implementation

of a single currency would cost retail banks up to Ecu225m each. The federation's study assumes a "big bang" conversion in which countries would switch to a single currency in one step rather

than operating with dual curren-

cies for a time. The study also assumes all EU countries participate in monetary union at the same time. However, the BBA said it would not add significantly to UK costs if the UK delayed its switch to a European currency. The costs to businesses and individuals of switching to a European currency are not included in the estimate. Nei-

ther is the cost of changing interbank payment systems.

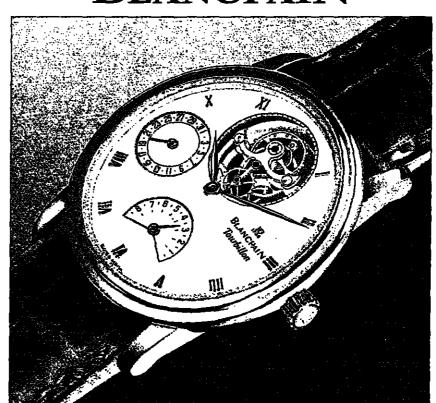
The federation said the cost was manageable but would "significantly burden the income statement of banks for several

years" Mr Mick Williamson, project director of the study of UK banks' costs, said politicians would have to "take all necessary decisions this year, and put all the preparations in place" to allow a single currency in 1999.

The study says money transmission changes - including notes, coins and plastic cards will account for 60 per cent of the total costs, while switches in loans and deposits will account

for a further 20 per cent. Survey on the Introduction of the Single Currency: A First Conpribution on the Practical Aspects. European Banking Federation, Rue Montoyer 10, B-1040

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EU transport commissioner wants member states to cede powers to Brussels

Kinnock to seek authority over air deals

By Caroline Southey in Brussels

Mr Neil Kinnock, European Union transport commissioner will today try to persuade EU transport ministers to cede to Brussels full authority over negotiating an "open skies" policy. His intervention follows US moves to negotiate deals

with six EU member states. Mr Kinnock faces a long battle with transport ministers, who have traditionally been reluctant to give the Commission power to negotiate deals on their behalf with the US.

"Mr Kinnock is making an ambitious and difficult request," an official said. "But

it is worth having a go because he believes the legal and eco-nomic consequences for the EU are enormous if the US secures deals with the six.

The six are Belgium, Luxembourg and Austria, which have already initiated agreements with Washington, and Finland, Sweden and Denmark.

Mr Kinnock will present to transport ministers legal and economic arguments against the so-called "model" agree-ment which is the basis for the Washington's negotiations, but will stop short of formally requesting a mandate.

France, which holds the EU presidency, will propose the ministers consider a Community-wide set of principles which member states would use as states' retention of bilateral negotiating powers. guidelines when negotiating bilaterally with a third party.

Mr Kinnock believes his pre-sentation of the "model" agreement will provide the ammunition necessary to convince states to cede power to Brussels on aviation matters.

But the omens are not good. Last week the six rejected his request that they desist from negotiations. "They are likely to be quite cagey about his approach," an official said. Among the larger member states, Mr Kinnock's request is likely to fall on deaf ears in the

UK, where the government

remains committed to member

negotiating powers.

There is obviously a tension between ceding competence on the one hand and the practical effects of the deals on the other," said an official. "But where member states have the powers to negotiate. Britain thinks they should be able to

exercise them." However, Mr Kinnock may receive support from Germany. Bonn believes there is a case to be made against the deals on economic, political and legal grounds. "Bonn understands Mr Kinnock's reservations. Politically this is not the way the EU's aviation policy with the US should be decided," an

official said. "There are also fears that the agreements could lead to traffic being pulled out of Germany.

There are already signs compromise proposals may emerge from today's discussions "There are a number of other options between sole competence for the commission and the position we have now." a

Commission official said. The US's open sky initiative has created another problem for the transport ministers. What was expected to be a pro forma discussion on a mandate for the commission to negotiate a land and air transport deal with Switzerland has been

deal with Wasnington.

A Commission official said: We might need additional provisions in the mandate depending on the details of the open

But Swiss officials warned that a postponement would send the wrong signals. "Switzerland is adamant that the two issues should be kept apart. We do not want to be drawn into the argument about competence, either directly or indirectly. The agreement with the US does not foresee any rights that would affect the EU. It is a bilateral matter." a Swiss official said.

EUROPEAN NEWS DIGEST

Turkish Shias in fresh clashes

The second secon

At least nine people died and 100 have been injured in two days of rioting in Istanbul's Shia Moslem districts. Protesters from Turkey's minority Shia community took to the streets late on Sunday night after gunmen, believed to belong to a fundamentalist Sunni Moslem group, shot dead three men in random attacks on Shia shops and tea houses.

Rioting continued all day yesterday, with protesters attacking police with petrol bombs and stones. Security forces brought in armoured vehicles and tried to seal off the area. Yesterday's clash was the worst incident involving the Shia minority since fundamentalist Sunni Moslems killed 37 Shias

during a riot in the city of Sivas in 1993. Turkey's Shia community, known as Alewis, practise a less strict form of Islam, bringing them into conflict with the growing Sunni fundamentalist movement. Many observers fear deepening religious violence will further tear at Turkey's foundations, undermined by the worst economic crisis in 70 years and ethnic conflict in mainly Kurdish south-eastern Turkey. Prime minister Tansu Ciller yesterday appealed for calm. saying: "We will never allow anyone to fulfil [evil] aims in Turkey. Alewis. Sunnis, Turks and Kurds, have lived together on this land for centuries." John Barham, Istanbul

Turks to boost Azeri oil stake

Azerbaijan has agreed to increase Turkey's share in a \$7.4bn international oil consortium developing offshore oilfields in the Caspian Sea. Azeri President Haydar Aliyev said yesterday he supported the sale of a 5 per cent share in the consortium held by Socar, the Azeri national oil company, to TPAO, Turkey's state oil company. TPAO has been trying to increase its 1.75 per cent share in the consortium since it was set up last year. However, Mr Necdit Pamir, a senior TPAO executive, cautioned yesterday: "TPAO cannot confirm this. We still need Socar's approval. Aliyev's signature is not enough."

Turkish officials hope this will be a formality. Mr Pamir refused to disclose the terms of the sale. He said other members of the consortium, which includes British Petroleum, Statoil of Norway and Russia's Lukoil, last month approved Socar's share sale to TPAO, as required under the consortium's rules. Turkey considers participation in the consortium an important foreign policy objective. It is trying to increase its role in the Turkic republics of Central Asia and the Caucasus. Turkey is also pressing for a future oil export pipeline to cross its territory, further strengthening its strategic influence and generating revenues. John Barham.

Italian merchant banker probe

Italian magistrates yesterday questioned Mr Enrico Cuccia, octogenarian honorary chairman of Mediobanca, over allegations that the Milan merchant bank concealed the extent of problems at Ferruzzi-Montedison, one of Italy's largest industrial groups, in 1993. Ferruzzi-Montedison was brought to its knees by L435bn (\$263m) of undeclared bad debts, and Mediobanca was the principal architect of the debt restructuring plan which helped rescue the group. The Ferruzzi family, which controlled the company, and their allies allege that Mediobanca knew more than it has admitted about the difficulties facing the industrial group.

Mr Cuccia, 87. is still regarded as the single most influential figure in Italian finance, and Mediobanca continues to wield considerable power through its network of corporate contacts. Yesterday's three-hour interview - which Ravenna magistrates held in Milan in deference to his age - was well heralded. Mr Cuccia and three other executives of Mediobanca were warned last May they were under investigation, prompting the bank to issue its first ever press release, angrily denying the allegations. Andrew Hill, Milan

Brussels setback on ship cartels

The European Commission has suffered a setback in its attempt to impose controls on a price-fixing agreement reached between international shipping lines on north Atlan-

The European Court has suspended a ban imposed by the commission on members of the Trans-Atlantic Agreement which forbade them to set tariffs on the landward section of journeys, from factory to port. The commission last year ruled that shipowners had no right to set rates on the landward part of the journey because there was no benefit to their customers, the exporters. The shipowners took the matter to the European Court

The court decision means a ruling will be put off until the court makes up its mind about the overall legality of the TAA in about two years. The commission may, however, appeal on a point of law. The court decided to suspend the commission ruling because it would cause "grave and irreparable harm" to

But the European Council of Transport Users, representing the customers of the shipping lines, said letting shipowners fix landward rates would severely harm European exports to the US. Charles Batchelor, London Law report. Page 12 Law report. Page 12

Castro savours first Paris visit

President Fidel Castro yesterday claimed that his first trip to Paris in his 36-year rule marked an end to the "apartheid" of Cuba organised by the US, which he denounced for its "crimi-nal blockade" of his country. Wearing a sober blue suit instead of his habitual military fatigues, Mr Castro was first given lunch at the Elysée by President François Mitterrand. The invitation reflected the desire of the French president, and his wife Danielle who has visited Cuba many times, to underscore their opposition to the US boycott of Cuba before Mr Mitter rand steps down from office in two months' time.

Mr Castro, who had been in Copenhagen for the UN's social summit, told Mr Mitterrand that on arriving on French soil, he felt the "apartheid" of Cuba was "finished". His previous European trips had been limited to Spain. David Buchan,

Greek wholesale prices

showed a larger than expec-

ted increase in January, ris-

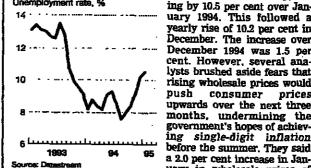
ing by 10.5 per cent over Jan-uary 1994. This followed a

yearly rise of 10.2 per cent in

December. The increase over

ECONOMIC WATCH

Greek wholesale prices rise



cent. However, several analysts brushed aside fears that rising wholesale prices would push consumer prices upwards over the next three months, undermining the government's hopes of achiev ing single-digit inflation before the summer. They said

a 2.0 per cent increase in January in wholesale prices of manufactured goods reflected mark-ups at the start of the year. The recession and falling prices for imports, together with tighter monitoring of agricultural wholesale merchants, who have been accused of price-fixing, were expected to keep down further first quarter rises. Because of increasing compe-tition, retail price increases lagged several months behind wholesale increases during 1994. Kerin Hope, Athens

■ The European Union's economy grew 0.7 per cent in the third quarter of 1994 against 1.0 per cent in the previous quarter, according to figures released by the EU's statistics office. In the first nine months of last year, the EU's gross domestic product was 2.5 per cent up on the same period of 1993. The largest GDP rise in the third quarter of last year was registered in Finland (1.4 per cent). Sweden was the only EU state to record a fall (0.1 per cent).

Croatian Serbs stay aloof from peackeeping move

The leaders of rebel Croatian Serbs warned yesterday they would never bow to the authority of Zagreb. despite the goodwill created by the Croatia's last-minute decision to let UN peacekeepers remain on its ter-

Serbia's President Slobodan Milosevic summoned the leaders of the self-proclaimed Krajina Serb republic which covers nearly one-third of Croatia's territory – to Belgrade for closed-door consultations.

Mr Slobodan Jarcevic, an adviser to the Croatian Serb leadership, said as the talks started: "Krajina will never become part of Croatia. We are an independent state completely separate from Croatia."

This followed a Croatian climbdown over the weekend which staved off the immediate risk of war and passed the political initiative back to the Serbs. Under intense western pressure. Mr Tudjman reversed his earlier decision to expel the UN force of 12,000 when their mandate expires at the end of March.

He said a fresh mandate would now be negotiated, providing for a smaller force of about 5,000, to be deployed mainly on Croatia's internationally recognised borders.

Zagreb's concession, while welcomed by western diplomats, is not expected to keep the spectre of renewed war at bay for long unless there is some progress in negotiations over Croatia's future.

During the recent weeks of uncertainty over the future of the UN peacekeeping force in Croatia, the Krajina Serbs had refused to take part in further negotiations over long-term

political arrangements. Now that this harrier to further talks has been lifted, diplomats expect intense international pressure on the parties to restart talks on the so-called "Z-4" plan which would restore Croatia's integrity but grant extensive autonomy to two Serb-dominated areas, including the Serb stronghold of Knin.

Mr Yasushi Akashi, the senior UN envoy to former Yugoslavia, is due in Belgrade later this week for meetings with Mr Milosevic and the Krajina Serb leaders.

Acceptance by the Krajina Serbs of the Z-4 plan would open the way for

the Croatian republic. This could mean a further easing of international sanctions against Serbia.

Diplomats say Mr Milosevic has a Z-4 plan, which could provide him with new international respectability. But he has resisted pressure to lean heavily on his kinsmen in Croatia. Leaving yesterday's meeting. Mr Borislav Mikelic, a Krajina leader who is viewed as Mr Milosevic's proxy, praised Croatia's decision as

ery reasonable" and "constructive". Yet the Serb and Croat positions on political arrangements in Croatia, and on the future role of the UN, remain far apart. Belgrade's state-run radio warned yesterday that substantial changes in the UN mandate - of the kind that Croatia is demanding -

would lead to renewed war. Zagreb is reported to have made the redeployment of UN forces on the internationally recognised borders of Croatia a key condition for their continuing presence.

Serb commentators expressed bitterness yesterday over what they view as Croatia's success in using brinkmanship to secure clearer international support for the protection of its borders. Tanjug, the state news agency, in a commentary described it as "political trickery" which had enabled Croatia to achieve its aims "in close co-operation with Bonn".

Mr Klaus Kinkel, the German foreign minister, yesterday called for the rapid integration of Serb-held lands in Croatia by peaceful means.

Tudiman, the Croatian population and [foreign minister Mate] Granic were rightly extremely dissatisfied that the UN couldn't fulfil what it promised in relation to the Krajina,"

Mr Kinkel said. "For that we have the famous 2-4 plan, which means that there must be negotiations as soon as possible on a peaceful reintegration of the Serb-con-

trolled areas.' Mr Tudjman, meanwhile, will also have to explain to nationalists at home why he has thrown away his one trump card - the UN mandate without gaining anything concrete in return. The Social Liberals, the main opposition party, said Croatia had lost its political credibility and independence" by agreeing to the compro-

PPI chief clings to wreckage

Buttiglione refuses to quit, but the party will break up with or without him, reports Robert Graham

r Rocco Buttiglione yesterday refused to step down from the leadership of the centrist Popular party (PPI). even though he was defeated in a vote of confidence on the national executive

at the weekend. In a defiant move, Mr Buttiglione insisted he was still in command and ordered the sacking of three senior party members who had voted against him. His opponents counter-attacked, saying he had lost his right to head the party and pledging to find a new leader as soon as possible.

The unedifying scrap can prolong but not prevent - the break-up of the PPI, which was conceived 14 months ago to replace the discredited Chris-tian Democrats as the Catholic party controlling the middle ground of Italian politics. The debacle will remove the PPI, which currently accounts for about 8 per cent of the vote in opinion polls, from any role as a centre party mediating between left and right.

The inevitable split will also bury the illusions of those politicians and members of the clergy who still believe it possible to retain the Catholic vote under the umbrella of a single party. The Christian Democrats first split in 1991 when a radical faction led by Mr Leoluca Orlando, the mayor of Palermo, formed La Rete (The Net-

work) clean government movement. The following year Mr Mario Segni, leader of the referendum movement, formed his own reformist group. When the Christian Democrats wound themselves up in January 1994, a small right-wing faction formed the Christian Democratic Centre (CCD), linking with Mr Berlusconi's Forza Italia: others joined Mr Gianfranco Fini's rightist National Alliance

The battle for control of the PPI has been provoked by the need to form alliances in an increasingly polarised political environment resulting from the introduction of a first-past-thepost electoral system. Hostilities began on March 8 when Mr Buttiglione committed himself to leading the PPI into a right-wing alliance being put together by Mr Silvio Berlusconi, the former prime minister.

The decision was reached without prior consultation of the executive. but came after weeks of ambivalent conversations with Mr Berlusconi and his allies on the one hand and the



I'm still standing: Buttiglione addresses his party's council last mouth

parties on the centre left coalescing round the former communist Party of the Democratic Left (PDS) on the other. It immediately caused a storm the party, who had already proposed under the leadership of Professor Romano Prodi, an independent candi-being absorbed by Forza Italia. date close to the former Christian

Democrats. A meeting of the national executive was hastily convened on Saturday to vote on Mr Buttiglione's initiative. He lost by 102 votes to 99. The left of the party, and a number of moderates. were not prepared to undo increasingly solid links forged at the local level with the PDS in advance of April's regional and local elections. In addition, Mr Buttiglione's opponents were unwilling to countenance an alliance that brought the PPI into direct association with the National Alliance, whose neo-fascist roots on him to survive,

remain all too apparent. Though a narrow margin, the vote was a serious setback. Mr Buttiglione cannot now take the PPI as a party of protest from the influential left of into Mr Berlusconi's alliance: he can merely lead his own followers. This an electoral alliance with the PDS makes him very much a junior part-

The defeat also raises questions about the political judgment of a man who until a year ago was a philosophy professor. In December he was instrumental, along with Mr Umberto Bossi, the leader of the populist Northern League, in forcing Mr Berlusconi's downfall by tabling a parliamentary motion of no confidence. He hoped that with Mr Berlusconi out of office. Forza Italia would weaken and the PPI would gain a floating conservative vote, Instead, Mr Berlusconi has retained a tight grip over Forza Italia, while Mr Buttiglione depends

Romania's opposition finds the going tough

ast October, Mr Constantin Tutunaru, mayor of Bucharest's sixth district, was asked to attend a routine meeting at the local police station. Instead of discussing local finances, however, Mr Tutumaru found himself accused of abusing his powers as mayor and acting against the public interest. He spent the next 17 days in jail.

Five months later, Mr Tutunaru, a member of the National Peasants party, a leading centre-right opposition party, is still fighting to clear his name and be reinstated as mayor of district six, a ward with 420,000 inhabitants. Among the charges against him are that he personally profited from the collection of Christmas presents for local orphanages and old peoples' homes and used his influence to move some relatives from



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Virginia Marsh reports on persecution of public figures by experienced former communists who are well versed in how to hang on to power

one state-owned home to three years ago in its govern- against the principle of being another which was then ing programme. renovated at the state's

Mr Tutunaru is just one of many local officials elected three years ago who are no longer in their posts. He became mayor in February 1992 when opposition parties won many regions and large towns in Romania's first free local elections in more than 40 years. The government of the Party

of Social Democracy (PDSR) the rump of the leftwing National Salvation Front which took power in 1990 says it has suspended 133 mayors for breaking the law and that a further 264 have resigned for "personal reasons" ranging from health problems to low pay.

In most democracies, elected officials cannot be dismissed by the central government for allegedly breaking the law. Like other citizens, they must first be tried and convicted by a court before being presumed guilty. Mr Tutunaru says that in his case the government did not even follow its own proce-

dures in dismissing him. The Bucharest government, a coalition between the PDSR and an extreme nationalist party, has been slow to overhaul communist-era regulations governing local authorities and officials or to decentralise power to them. even though it pledged to do so

This led a recent report on local government in Romania. sponsored by the European Union, Council of Europe and the World Bank, to warn that the tendency "to conserve and even re-build" the pre-1989 administrative system presents "major risks" for the country and runs against efforts to build democracy.

Local government receives all its funding from the central

r Tutunaru says the police and central authorities are able to exploit the country's only partly reformed legal system. "The fact that we still have no law on the status of elected officials, for example, means that mayors can be arrested and suspended indefinitely while police make inquiries, he says. "In theory, police could arrest an official the day after his election and keep him under investigation - and out of office - until the end of his

term. Nor do courts have a time limit during which they must pronounce a verdict. Mr Tutubeginning of November. He is still waiting for the verdict. "In the meantime, I am

suspended from my job, not

entitled to my salary and not

free to find other work. This is

innocent until proved guilty, which is in our constitution. he says.

Even though most of those dismissed are from opposition parties, the government denies there is any political motivation behind the sackings. This claim is disputed by opposition parties, western diplomats and independent analysts. There is a lot of corruption

in Romania and many mayors make mistakes," says a western diplomat in Bucharest. "But there is also clearly a political component. Opposition mayors and officials are being targeted, while those from governing parties are not... At the same time, the ruling party has little interest in reforming local government - this is the area in which it is weakest and such reforms would benefit the opposition more than it."

Analysts say the dismissals are part of a wider trend as the PDSR attempts to strengthen its grip on power ahead of next year's general elections.

"There is a process of intimidation of mayors and public

employees in general. Many get fed up and resign. Others give in and join the PDSR." says another western diplomat. Such tactics are belping create a lopsided political system, analysts say. "In 1989, many were hopeful that a genuinely pluralistic political structure

Several leading members of the Democratic Convention. Romania's main opposition group, are not expected to sign a new co-operation agreement due to be completed by tomorrow, amid growing signs that the bloc is falling apart, diplomats and

analysts in Bucharest said yesterday, writes Virginia Marsh.

Analysts said the parties' failure to sign the protocol would be tantamount to leaving the group, a loose coalition of anti-com-munist, centrist organisations formed to contest local elections three years ago.
At the weekend, Liberal Party 93, one of the largest groups in

the DC, became the second party to announce it intended to leave the coalition. The Civic Alliance party and the ethnic Hungarian party, two other important DC members, have said they will not sign the protocol, which includes a strategy to fight local, presidential and parliamentary elections due next year. Their departures will increase the domination of the National Peasants party in the DC, which the other parties had found

would quickly develop but western European style democracy still seems a long way off... There's an increasing sense that the PDSR is the party and that there's no other option," says a western ana-

At the request of opposition parties, the Council of Europe has asked President Ion Illescu to investigate the circumstances of the dismissals. The opposition has also tried to militate public opinion against the dismissals through a press campaign but, after strings of well publicised corruption scandals, many Romanians are deeply cynical about the gov-

A large part of the problem is the weakness of centre-right opposition parties, which have found it difficult to provide a united or credible alternative to the PDSR and its allies since the overthrow of the totalitarian Ceaușescu regime in December 1989.

The PDSR is dominated by

administration and at state companies. Opposition parties such as Mr Tutunaru's National Peasants party are staffed mainly by intellectuals and former dissidents who, thanks to the severity of the Ceausescu regime, had even experience in 1989 than their counterparts in other former east bloc countries, where market-led change generally began much earlier.

former communist officials

with long experience in public

"We in the opposition did not have a political schooling like the Communists, and they specialised in keeping power, says Mr Tutunaru, who worked as chief researcher at an electrical energy institute before 1989. "Given our past, it was always going to be a battle to establish democracy and an opposition in Romania. Not that the fact that we're having to fight surprises me. I just didn't expect the fight would be this rough."

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rivals query rescue plans

By Andrew Jack in Paris

Credit Lyonnais, the troubled state-controlled French bank, is to report much greater than expected losses, it emerged yes terday as pressure grew from its rivals to oppose additional government support.

The losses in its 1994 fullyear results will be unveiled over the next few days, but are expected to be about FFr10bn (£1.2bn), considerably higher than the losses of FFr6.9bn reported by the bank in 1993 and which its chief executive had said would not be exceeded in 1994.

Details of the size of the loss emerged as the head of one of Crédit Lyonnais' leading rivals in the private sector confirmed that he had expressed concerns to the European Commission about a second proposed government rescue package for the bank now being finalised. Mr Mark Vienot, head of Société Générale, one of

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France's largest banks, said he had written to Brussels with "observations" on the second package, which he has recently discussed with Mr Edmond Alphandéry, the French minister of economics.

Mr Vienot said yesterday that the rescue package "risked creating an unacceptable distortion of competition between French banks".

Mr Karel Van Miert, the competition commissioner, has already announced that he is recommending a formal Commission inquiry into past and future state rescues of the bank. He is meeting Mr Alphandery in Brussels today.

Mr Vienot has been increasingly outspoken about the nature of additional state help unless Crèdit Lyonnais substantially accelerates asset sales and restructuring. Mr Michel Pébereau, head of Banque National de Paris. another leading rival, has also expressed concerns to Mr Alohandéry.

The new French government plan is expected to involve more than FFr100bn in assets (including loans) held by Crédit Lyonnais, which will be hived off. It is unlikely to include any direct cash injection. However, it comes on top of a first rescue of FFr23.3bn last year, which involved guarantees to a specially created corporate vehicle containing bad loans and a capital injection. If the assets of the vehicle were realised, they would already exceed the size of these

earlier guarantees. The statement that full-year results for 1994 would not exceed those of 1993 was given by Mr Jean Peyrelevade, the chairman appointed by the state to save Crédit Lyonnais, shortly after the bank unveiled losses of FFr4.5bn for the first half of 1994. It now appears that the restructuring of the bank's balance sheet, additional provisions and losses on loans will cause this figure to be considerably exceeded.

Paris bank's Now market stalks Stalin's coal mines

John Thornhill on the uncertain future of a Russian industry with a very political past and present

r Vladimir Beresto-voi, a rough-hewn 38-year-old coal miner, points towards a monument of a woman grieving over a cemetery of 2,000 graves. "This is what happened when the miners went on strike in 1953," he says. "They shot them all. Every mine here has its own burial ground."

The coal-mining town of Vorkuta in the Arctic wastes of northern Russia is used to hardship. The first coal mine was sunk in 1934 by political prisoners who had fallen foul of Stalin's regime. Thousands died as the mining region was developed. As Mr Alexander Stepanov, the chairman of the local coal-mining association, explains, "Vorkuta was built on the bones of the Gulag".

But while its inhabitants may have endured the extremes of the Arctic climate and the terrors of Stalin, talk of fresh troubles now fills the air. Many of the miners have not been paid since November, sparking mass protests and a one-day "warning strike" earlier this month. Miners claim there has been a sharp fall in safety standards with three miners being killed in the region in the past two months.

Trade union leaders are calling for an indefinite strike to begin tomorrow. And the chilling realisation is gnawing away at the town's 200,000 residents that they now confront a more formidable enemy than any faced in the past: the mar-

The World Bank recently made a series of recommendations about how Russia's coal industry could be restructured.

r Vladimir Beresto- Its conclusions make grim reading for Vorkuta's miners and dozens of other communities in Russia dependent on producing coal.

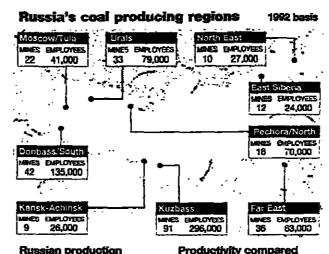
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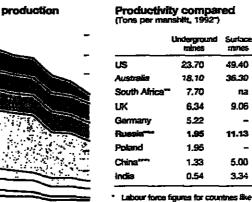
The bank says the industry is in a "catastrophic" state. In Soviet times, mines were sunk with no regard to the costs of extraction or transportation. Massive subsidies – equivalent to 1.2 per cent of gross domestic product - are now needed to keep the industry alive. But these subsidies are themselves counter-productive maintaining excessive production levels which undermine the profitability of Russia's low-cost

The "viable core" of the Russian coal industry is about twothirds its current size, the report suggests, with the market capable of sustaining no more than half Russia's 900,000 miners. In the harsh and remote Pechora basin, which includes Vorkuta, the number of pits should be cut from 18 to less than seven. The number of miners should fall from 70,400 to between 21,000 and 32,000.

But such contraction would lead to massive upheaval which must be softened through the creation of an effective social safety net, the bank argues. Subsidies used to fund inefficient production should be switched towards supporting early retirement programmes and relocating and retraining miners. The bank promises it would disburse \$500m to bolster such social programmes.

The government, through a commission which includes ministers, academics, industry leaders, and trade





union representatives, is The political sensitivities are already considering how to extraordinary. Unrest among

the coal miners in 1989 and

1991 was instrumental in

restructure the industry and is

digesting the bank's recom-

achev and thus easing Mr cedes it makes little sense for Boris Yeltsin into power. As Vorkuta's miners say, "we put Mr Yeltsin into power and we

can remove him". The radicalism of the bank's proposals at first sparked fierce criticism from Rosugol. the state coal company which runs the industry, and both official and independent trade

"For 70 years, the planning of the Russian economy has been based on utonian schemes which were a product of the morbid imagination of its leaders," ran one official union response. "Russia has only just begun getting rid of ideological dogmas. What people need now is not the market bolshevism of the World Bank but rather a well-conceived programme for the coal mining industry that rests upon the reality of Russia's economic and social envi-

In such a highly-charged atmosphere it will be difficult to muster sufficient political will to push through such comprehensive restructuring in the five years envisaged by the bank. Nevertheless, in Vorkuta, at least, the acceptance of the realities of economic gravity seems to be slowly

Khulmer-Yu, to the north of Vorkuta, is being shut down with 5,000 people being relocated. Mr Stepanov, of the local coal association, accepts that another four mines should close with more money being invested in modernising the region's five most efficient pits. Mr Nikolai Mykhno, Vorku-

ta's deputy mayor, also con-

Vorkuta to keep farms and a sewing factory in operation and suggests that at least part of the population should be relocated. "The 30,000 pensioners who live here deserve a bet-

But Mr Mykhno argues it is important to save Vorkuta not just for its inhabitants but for the workers in other towns such as Lipetsk and Cherepovets, which are dependent on the region's coal to fuel their steel plants. Mr Mykhno says Vorkuta can reduce its own dependence on coal by increasing the development of other mineral resources in the

All agree that the coal mining industry must change -however fast and however deep the restructuring turns out to be. Mr Stepanov describes the government's current financial dilemma as like that of a 'squirrel on a treadmill": although it is running fast it is going nowhere. The government cannot improve the industry's position and pay the miners because it has no money. But people do not want to pay taxes to the government because it does nothing to

improve their lives.
"Winston Churchill once said Already the mining town of it was impossible to cross a chasm in two leans. We are trying to take several," says Mr Stepanov. "Our people would like to have the benefits of capitalism without losing the certainties of socialism." The development of an effec tive market in Russia's coal industry will first depend on a piece of massive social re-engi-

Hungary's financial moves prompt resignations

By Virginia Marsh in Budapest

Mr Gyula Horn, the Hungarian prime minister, yesterday failed to persuade two ministers to stay in the cabinet following the government's decision on Sunday to make radical spending cuts and to devalue the forint by 9

Government officials said two senior Socialists, Mr Pal Kovacs, welfare minister, and Mr Bela Katona, minister for national security affairs,

were resigning as they had not agreed with the cuts which aim to reduce this year's budget deficit by Ft170bn (£955m) and bring down the country's huge current account deficit from a record \$3.9bn in 1994.

However western investors and the local business community welcomed the measures which were proposed by Mr Lajos Bokros, finance minister, and Mr Gyorgy Suranyi, central bank governor, two prominent reformers who took office on March 1. Investor

confidence has been badly shaken by the cancellation of a high-profile privatisation deal in January, and the subsequent resignation of Mr Laszlo Bekesi, the pro-reform finance minis-

The Budapest Stock Exchange index rose by 46 points, or 3.8 per cent, to close at 1,258, its highest level this year. The forint, which closed at 112 to the dollar on Friday. fell to 120 following the devaluation the largest since January 1991 -

which became effective yesterday. However, leading trade unions close to the Socialist party said they strongly opposed cuts in social spending and limits on public sector pay.

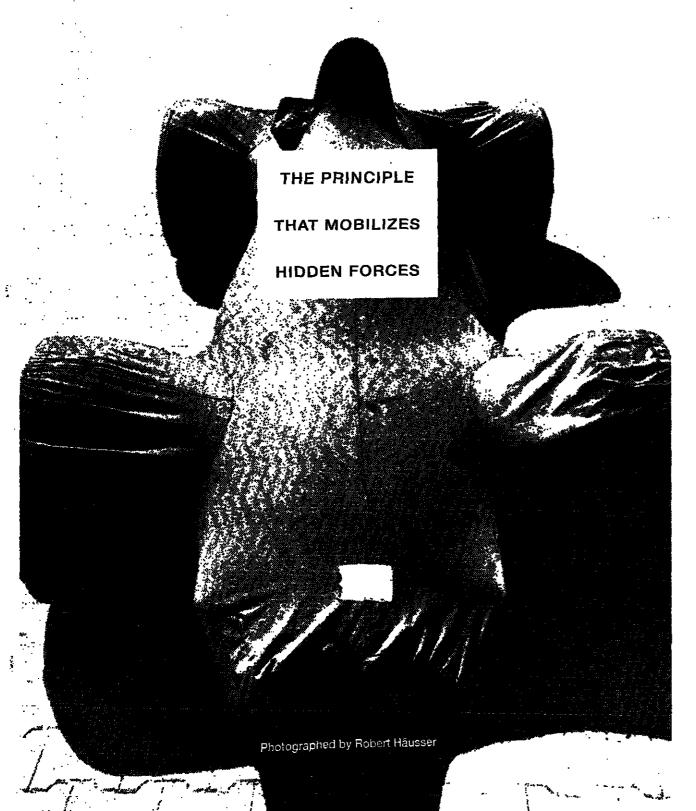
They also criticised the government for failing to discuss the largely unexpected measures with the unions Under the government's proposals. family child allowances will be cutback, public sector pay rises limited,

and public administration restructured with many civil servants and higher education teachers expected to lose their jobs.
The devaluation and the imposition

of an extra 8 per cent customs duty on all imports except capital equipment and energy, were designed to boost exports and cut imports, Mr Bokros said. The devaluation decision follows weeks of speculation from business that it was overvalued.

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US lifts hopes for progress on Syria

US Secretary of State Warren Christopher yesterday said his five hours of talks with Syrian President Hafez al Assad in Damascus had been "very good", raising the prospect of progress in the stalled Israeli-

Syrian peace process.

Mr Christopher will return to Damascus today to report to Mr Assad after having visited Jordan and held further talks with Israeli prime minister Yitzhak Rabin in Jerusalem.

"During the last several days I had intensive discussion with both prime minister Rabin and president Assad. I can tell you that they are once again engaged in serious discussions and I am looking for ways to make progress." Mr Christo-

Mr Christopher's shuttle diplomacy overshadowed the visit to Israel by British prime minister John Major, accompanied by some of the UK's most powerful businessmen. Mr Major vesterday firmly ruled out any independent diplomatic initiative on the part of Britain to help push the peace process forward and said Europe should only assist the parties with financial aid.

announcement prompted speculation in Israel of progress, in spite of the pessimism in Syria's state-run press which vesterday poured cold water on the idea of direct Syrian-Israeli peace talks.

Israel has pinned hopes of a breakthrough on resuming talks between the Syrian and Israeli chiefs-of-staff in Washington over possible security arrangements, a prerequisite for withdrawal from the occupied Golan beights. Israeli officials said if the two sides could thrash out a concept of security including demilitarisation. early warning systems and the timetable of withdrawal, a peace agreement would quickly fall into place.

Mr Shimon Peres, Israeli foreign minister, said Israel had given Mr Christopher a list of new proposals to take to Damascus to seek a resumption of peace talks.

Iraq drills for diplomatic support Robert Corzine on the logic behind Baghdad's offers to foreign oil companies

oil in the air over Bagh-dad at the weekend

reassured the 200 or so international oil executives who made the long overland journey to the Iraqi capital to hear the government's new petroleum

"It smells like money," said

He and his colleague were not disappointed. Iraqi officials announced that once sanctions were lifted they intended to reverse two decades of nationalisation and open some of the world's biggest oil fields to foreign investment.

A procession of ageing General Motors suburban taxis carrying the executives arrived from Amman last Friday after travelling for more than 12 hours across Jordan and Iraq's western desert.

On arrival at the Al Rasheed Hotel they dutifully tramped over the floor mosaic depicting a snarling President George Bush, a former oil man whose dealings with the Iraqis the delegates were quick to distance themselves from.

Once inside the hotel one pastime among delegates was trying to spot an executive from a leading US or British oil company. No one did.

But representatives from Elf Aquitaine, Total and Gaz de France were there, as were executives from other leading continental European companies such as Agip of Italy and Repsol of Spain. Officials from Deminex, Germany's biggest oil exploration and production company, also attended, as did Neste of Finland, Ranger Oil of Canada, Petrobras of Brazil and Ireland's Aran Energy.

place, most delegates were The UN Security Council was set last night to leave sanctions against traq in place in spite of a week-long lobbying campaign by Mr Tariq Aziz, Iraq's deputy prime minister, for an easing of the embargo, writes Michael

The US undermined Iraq's case by demonstrating to council members that president Saddam Hussein had rebuilt factories capable of producing chemical weapons or missiles. Ridding Iraq of its weapons of mass destruction is the principal aim of the

Ms Madeleine Albright, the US delegate, also offered evidence that in spite of his claim that innocent Iraqì civilians were suffering under

sung and Hyundai of South

Britain was "in danger of being left behind" if Iraq imple-

That view was echoed by

other delegates who said those

companies that showed early

interest in Iraq would be likely

to receive preferential treat-

Korea and Taiwan's CPC.

mented its new policy.

Asian companies included unrepentant about opening to oppose the hardline US Mitsubishi Oil of Japan, Samnegotiations with Baghdad. It was legal, said one senior French executive, "as long as Mr Anthony Buckingham of we do not execute any con-Heritage Oil, the only UK oil tracts before the embargo is company to attend, said

It was a belief track officials

were quick to encourage. "The companies that come before

[sanctions are lifted] will have

a big advantage," said Mr Safa

Hadi Jawad, Iraq's oil minister.

Although the oil export

embargo remains firmly in

But does Iraq really intend to offer the international oil industry what some observers say is a "once in a generation opportunity?" or is it merely holding out the prospect of lucrative, multi-billion dollar deals as a way to pressure

stance on sanctions. Elf and Total, for example, deny any connection between their plans to develop two "super-giant" fields in southern Iraq and the French government's apparent willingness to lift or relax sanctions as early as next

There was little doubt among

the executives that the new

policy was part of Iraq's diplo-

matic effort. While industry

observers say it is clear that Iraq has targetted oil compa-

nies which it hopes will put

the embargo, Mr Saddam still had managed to

erect a new palace eight times the size of the

family at a cost of millions of dollars.

Mr Rolf Ekeus, chairman of the UN

will have been in place for six months.

cue for Russia and France to mount new

White House as well as a sports centre for his

commission set up to ensure the elimination of

Iraqi arsenals, is due to report in April on an

international monitoring programme that then

Assuming he is able to provide evidence of

substantial tragi compliance, that could be the

pressure for lifting the sanctions. France has

to resume trading with Iraq. Russia is owed

established a mission in Baghdad and is eager

several billion dollars by the Iraqi government.

At the same time there is a compelling economic logic for Iraq to open its oil sector. On Sunday petroleum ministry officials said that when the western countries to support a embargo was lifted, Iraq

intended to move quickly to "regain lost markets". It also wanted to more than double its present production capacity of 2.6m barrels a day, a process which could cost \$25m over five to eight years.

Given the country's dire economic circumstances there is little alternative but to invite foreign oil companies in said western executives.

The details and advanced state of the talks under way with Total, Elf and others also suggest that Baghdad is serious. Although the all-important fiscal regime had yet to be set for investors. Mr Jawad said production levels and development schedule had already been agreed for some of the biggest deals.

But it was unlikely that the executives who boarded their taxis yesterday morning for the long trip back to Jordan took any signed contracts with them. As one departing oil man said: "It will be politics not economic logic" that dictates whether Iraq will become the focal point of the international oil industry in the Mid-

Others were less willing to muse on the wider implications of Iraq's latest move. They merely wanted to get one last snapshot of themselves standing on the mosaic of George

INTERNATIONAL NEWS DIGEST

Strong debut for unified rand

The South African rand performed strongly on its first day of trading as a unitary currency yesterday, closing in Johannes-burg at just under R3.62 to the dollar, well up on the financial rand's closing price on Friday of R3.72. "We were pretty nervous beforehand, but the market seems to have handled the whole thing pretty well," observed one trader.

Analysts had feared large-scale speculative outflows by for-eign investors yesterday following the government's decision to scrap the financial rand after close of trading last Friday. The finrand was a special investment currency available only to foreigners and designed to protect South Africa's foreign reserves against politically inspired capital withdrawals.

Its demise has long been seen as a prerequisite for longer term foreign investment in South Africa, but worries about international investor confidence, particularly given current turmoil in global currency markets, had discouraged financial authorities from getting rid of the currency. Strict restrictions on residents taking money out of the country remain in place. Mark Suzman, Johannesburg

Nigerian ex-president held



Mr Oluseguan Obasanjo (pic-tured left), a former military head of state, has become the second retired general and leading civilian politician to be arrested in four days as Nigeria's army rulers extend their security round-up from serving military personnel to their former commanding officers. The hard line by Gen Sani Abacha's regime since confirming last week that they had foiled a coup plot increases the power of the military intelligence service and is likely to extend the ban on civilian politics in

Nigeria. Mr Obasanjo, an outspoken critic of the military regime, was president from 1976 to 1979 when he became the only army ruler in Nigeria to hand over to elected civilian government. He was picked up after his return from the UN-hosted conference in Copenhagen by security officers for 'political reasons", according to his staff. Last week Mr Shehu Yar'Adua, Mr Obasanjo's former number two, was arrested. Paul Adams, Lagos

OECD discusses corruption

The Organisation of Economic Co-operation and Development yesterday began a two day conference in Paris to discuss the problem of world public sector corruption. It was attended by non-member states in the third world and eastern Europe as well as the industrialised member states.

The symposium follows a meeting last May at which mem ber countries approved a series of recommendations designer to tackle bribery in international business transactions. The focus is on co-operation across borders and a partnership between the developed and developing world to beat corrup tion. Mr Oscar Arias Sanchez, the former president of Costs Rica, said yesterday that "the cancer of corruption" flourished "in the obscurity of totalitarianism, authoritarianism and dictatorships. [It] is best exposed, and best attacked, in a democracy". But he also criticised the "double standards" of Western societies. Andrew Jack, Paris

Insurers find sharp rise in cost of disasters

Insurance Correspondent

Big natural disasters are costing the world's insurance companies 14 times as much in real terms as in the 1960s as well as causing far higher economic damage, according to figures by Munich Re, the world's largest reinsurance company.

The increased concentration of economic value - including property and business - in catastrophe-prone regions of the world is largely to blame for the sharp increases, Munich Re said. The group also fears that climatic change is having an impact.

Its figures show 1994 as another bad year for exceptional catastrophes, with the Northridge earthquake in Los Angeles making it one of the worst on record in terms of total economic losses and the second highest for insured

But the economic cost this year of large natural catastrophes is expected to be easily the worst on record following January's Kobe earthquake and recent floods in Europe. The "great Hanshin" quake which killed 5,380 people is estimated to have cost more than \$100bn (£158.14bn) in economic losses and \$3bn in insured losses compared with \$30bn and \$10.4bn respectively for the Los Angeles quake.

Munich Re, which provides insurance to conventional insurance companies against large losses, reckons that in the 10 years to 1994, the number of major natural disasters rose to a level four times higher than in the 1960s. After taking account of inflation, economic losses were six times as high and insured

Last year's 580 natural catastrophes were concentrated in Asia which recorded the largest number of disasters and fatalities. About a third of the catastrophes Munich Re recorded were floods, which accounted for about half of deaths. But about half of the \$65bn overall

cost of the natural catastrophes was caused by earthquakes. Insured losses of \$15bn were concentrated in the Americas, reflecting the far higher propensity to buy insurance in the US than in Asia.

The sharp increase in natural catastrophes has promoted Mr Wolf Otto Bauer, a member of Munich Re's management board, to warn that the private insurance industry cannot be expected to provide cover for loss and damage caused by natural forces if

they regularly affect the same region. He called for a greater 'risk partnership" between policyholders, insurers and reinsurers as well as governments. Mr Gerhard Berz, head of Munich Re's geoscientific research group, said the speed of global warming was a problem that had to be addressed at the Berlin climate summit at the end of this month. He said the growing num-

ber and intensity of windstorms,

utable to the rapid increase in air and

nderstorms and floods were attrib-

sea temperatures. However, the increased cost of natural catastrophes is not leading to higher premium rates this year. Market observers say rates for domestic and insurance property insurance have fallen in recent months - largely because of increases in the underwriting capacity of the world's insurers.

Degussa 1993/94: Lower Costs, higher Profits!

The successful implementation of cost reduction programs, together with an economic recovery, resulted in a significant increase in earnings for the fiscal year 1993/94.

Considerable Improvement in Earnings

Group earnings before income taxes increased by 63% to DM 280 million and Group net income after taxes rose by 44% to DM 174 million. All Sectors contributed to this improvement. Degussa AG's pre-tax income increased to

DM 99 million, from DM 32 million in the previous year. Due to tax-free foreign income and the tax-loss carry forwards which resulted from the sale of Leybold in the prior year, Degussa AG does not have to pay any domestic income taxes this year.

Dividend Increased by DM 3 to DM 10

The dividend will be increased from DM 7 to DM 10. Since the dividend will be paid from EK_{O1} (foreign income), there will be no tax credit associated with the dividend.

Costs Significantly Reduced

We systematically followed through with the measures we had implemented to increase profits. By emphasizing our core business areas we have further strengthened our market positions. We continue to carefully monitor personnel and other costs. The cost reduction measures which we implemented in the past will, for the most part, be completed in 1994/95. The total savings resulting from these measures will be about DM 500 million per annum.

Degussa Taking Advantage of Market **Opportunities**

Investment in property, plant and equipment amounted to DM 462 million and was lower than the DM 498 million invested in the previous year

which still included investments at Leybold. As a result of new investment opportunities, both capital and financial investments will increase in the coming years.

for changes in the group of companies included in the consolidation, the reduction is 3%.

Degussa Group Consolidated Balance Sheet on September 30, 1994 (Not a disclosure under Articles 326 and 328 of the Commercial Code) Equity & Liabilities Property, plant & Issued capital 2,534 equipment Revenue reserves & Investments profit available for Non-current assets 3,378 distribution

Inventories 1,304 Shareholders' equity 1,884 Liquid assets & **Provisions** 1.920 receivables Long-term 3.913 Current assets liabilities 1,378 Short-term 2,109 7,291 Total equity & liabilities 7,291

Equity Ratio Improved The Group's equity

ratio increased from 23.7% to 25.8%. Cash flow improved by 29% to DM 885 million.

Number of Employees Reduced Again

On September 30, 1994 the Group employed 27,202 people. This was a 15% decrease compared to a year ago. After adjusting

Securing the Future Through R & D

Investment in research and development secures our future. We therefore increased Group R & D spending from DM 401 million to DM 407 million. Almost 50% of this is attributable to the Chemicals Sector. Worldwide, 2,359 employees were involved in R & D

activities dpuring the year.

Good Start in 1994/95

Following a good start in the 1994/95 fiscal year, we expect the

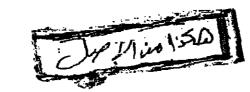
From the Income	Statement
Group	
Consolidated	DM millions
Sales	13.816
Cost of materials	9.087
Payroll costs	2,428
Depreciation	490
Income from	
Investments	43
Income taxes	106
Net income	
for the year	174
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Degussa AG.	c
60287 Frankfurt,	uermany

favorable earnings situation to continue.

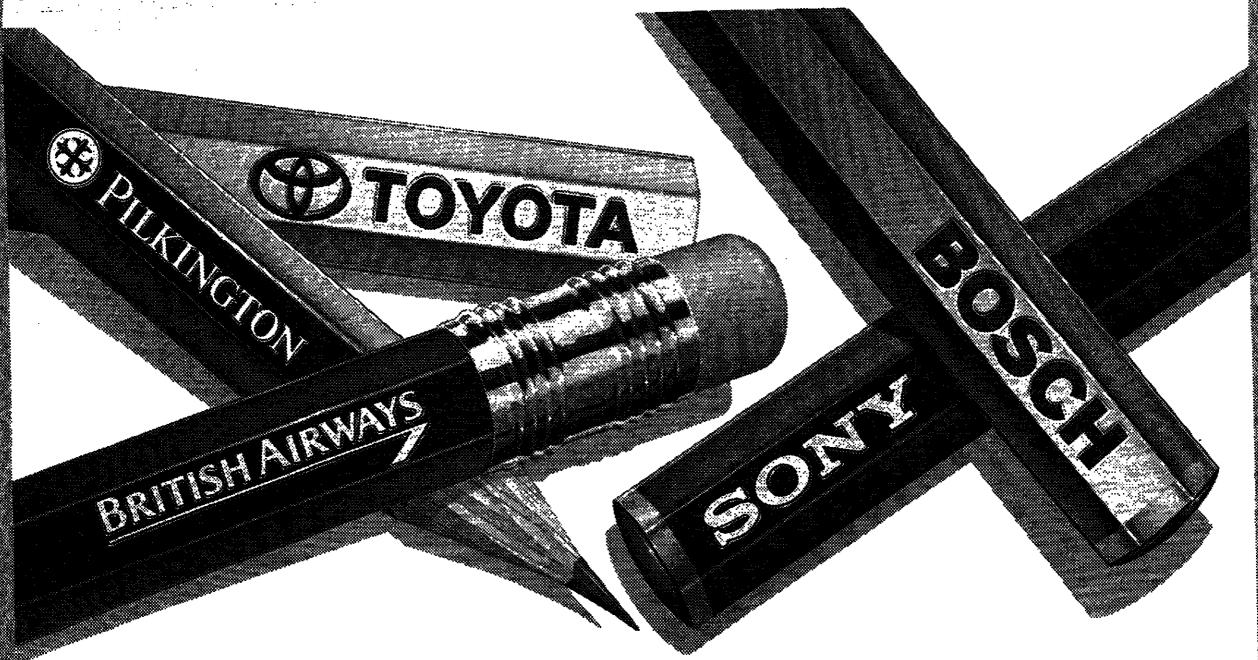
Frankfurt am Main March 1995 Degussa Aktiengesellschaft The Executive Board

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Sombre Zedillo takes stock of first 100 days

President Ernesto Zedillo marked his first 100 days in office with a sombre speech, promising Mexicans nothing but blood, sweat and tears while the country digs itself out of the worst

financial crisis of the past 12 years. The media-shy president, who was forced to devalue the peso less than three weeks after he took office, said on Sunday that austerity measures announced last week would be "tough, painful, but transitory". He forecast the economy would begin to recover towards the end of the year.

In return for the sacrifices being demanded, he promised to stamp out corruption and waste in the public sector and to ensure the rule of law was established in Mexico. "I will not rest until those responsible for the assassinations of leading figures are brought no one, should be above the law."

Mr Zedillo was referring to the mur-ders last year of Mr Luis Donaldo Colosio, the ruling Institutional Revolutionparty's presidential candidate, and Mr José Francisco Ruiz Massieu, the party's secretary-general.

The president's popularity, which plummeted with the peso, has recov-ered considerably because of his determination to unravel both crimes and his decision to arrest Mr Raul Salinas, elder brother of former president Carlos Salinas, on charges of masterminding Mr Ruiz Massieu's assassination.

As the president spoke, Mr Carlos Salinas and his family were boarding a private jet to an unknown destination in the US. Newspapers speculated he was being sent into "exile" for having broken the rule of silence that governs Mexican presidential successions to defend his administration's economic policies and his own innocence in connection with the assassinations.

Mr Guillermo Ortiz, finance minister.

explain his economic shock programme to sceptical foreign investors. In Mexico, however, his trip has reinforced the widely held perception that the country's economic policies are being dictated from abroad

Following a brief rally on Friday, both the peso and the Mexican stock exchange weakened yesterday as inves tors began to digest the full impact of Mr Ortiz's austerity measures: a 10 per cent cut in public spending, tax and tariff increases, a recession, and an inflation target of 42 per cent for the year. Mr Santiago Onate, labour minis-ter, forecast 500,000 jobs would be lost in the next three months, while Mr Miguel Mancera, governor of the central bank, warned interest rates would remain high for the rest of the year.

The peso was trading at 6.445 to the dollar at midday, 2.2 per cent lower than Friday's close, while the stock exchange was down 1.36 per cent.



OBITUARY: EDWARD BERNAYS

Disillusioned father of public relations

When you're in the market

Edward Bernays, who died last week distance himself from what the profesaged 103 at his home in Cambridge, Massachusetts, was widely credited with inventing public relations. He could not have imagined at the time that he had given birth to a profession that would attract such obloquy.

Today public relations is a multi-miliion dollar industry laying claim to respectability and stature, yet it still attracts suspicion from those who see its basic function as the manipulation of opinion. At its worst, it can attract ridicule, as in the British television series Absolutely Fabulous, now being screened in the US.

In his later years Bernays tried to ing of consent".

sion had become. "Public relations today is horrible. Any dope, any nitwit, any idiot can call him or herself a public relations practitioner," he said in an

interview four years ago. Bernays, a nephew of Sigmund Freud, was born in Vienna in 1891. His parents came to the US a year later and settled in New York City, where Bernays became a journalist, press agent and publicity manager.

During the first world war he worked for the US government's Committee on Public Information. He started then to form his theories about "the engineer-

offering public relations advice to government, industry and individuals. In 1923 he published his seminal work -Crystallising Public Relations - defining the principles and practices of the new profession.

During his long career Bernays was an adviser to the famous, including Caruso, Nijinsky and Samuel Goldwyn, and his corporate clients included Procter & Gamble, General Electric and General Motors.

Bernays described public relations as an applied social science in which clients were advised how to inform, educate and persuade the public to accept

operated on the steadfast rule that public relations should be in the public

it did not always turn out that way. In the 1920s, for example, Bernays was instrumental in breaking down the taboo against smoking by women in public when he arranged for women participants in New York's Easter parade to smoke Lucky Strike cigarettes made by his client, American

Later, when the hazards of smoking became more widely understood, Bernays became a public opponent of the

cool on president

By Jurek Martin, US Editor,

Only 29 per cent of Californians want Governor Pete Wilson to forsake the state and run for the Republican presidential nomination, according to a poll released yesterday by the Los Angeles

The survey also found that President Bill Clinton would be ahead of Mr Wilson by 51 per cent to 42 per cent among state voters. The governor was only the third choice among Republican candidates, with his 6 per cent well behind Senator Robert Dole (27 per cent) and Senator Phil Gramm (9 per cent).

Mr Wilson is still underided about seeking the nomination but has taken several steps normally associated with a

These include the opening of campaign bank account and extensive consultation with Republican political experts, among them Mr Stuart Spencer, who worked closely with former President Ronald Rea-

Equally significant is his sponsorship of two initiatives he would like to see on the California ballot next year. The first, supported by two thirds of those polled, would reverse years of affirmative action by prohibiting the use of race or gender factors in employment and academia.

The second, on which opinion is equally divided in the poll, proposes to change the clause in the state constitution whereby the lieutenant governor automatically fills the unexpired portion of a governor's term.

The current lieutenant governor is Mr Gray Davis, a Democrat.

The affirmative action initiative, like last year's proposition denying social and educational services to illegal immigrants, is popular among conservatives who have long held Mr Wilson in some suspicion. He is a believer in abortion rights and. in 1992, fought the state's budget problems with a tax increase, much to the right's chagrin.

But, with California's economy now recovering, he has proposed a 15 per cent tax cut and is trying to roll back federal regulation. His refusal to implement the "motor voter" toral registry law is nov in the courts, along with the anti-immigrant initiative.

However, these moves to the right appear to have alienated Republican moderates and solidified opposition to him among Democrats. His indifferent showing against Mr Clinton also reflects the fact that the president is more popular in California than in most parts of the country. Still, Mr Dole held a slim lead over Mr Clinton (48-45 per cent) in the

The poll was by no means all bad news for Mr Wilson; his approval rating was back up to 47 per cent, its highest in nearly four years.

California Bank under cool on Wilson as siege awaits white knight

George Graham on challenges for the next World Bank chief

the World Bank has taken on the air of an institution under siege in recent years, assailed from all sides for its record and poli-

While environmentalists attacked it for lending to big and sometimes damaging infrastructure projects, such as the Narmada dam in India, third world lobbying groups complained that its structural adjustment policies were creating hardship in the African nations that took its advice. Industrialised countries.

meanwhile, criticised the Bank's generous pay scales and perks, and argued it was not doing enough to promote private sector development.

With the nomination at the weekend of Mr James Wolfensohn to be the institution's next president. World Bank staff are wondering - without excessively high hopes whether this investment banker who fenced in the Olympics and played the cello with the New York Philhar-

monic can lift the siege. Managing the World Bank has proved to be a difficult challenge for most recent presidents. Not since Mr Robert McNamara (1964-1981) - who was the last president to serve more than a single five-year term and who wanted Mr Wolfensohn to follow him - has a president truly succeeded in imposing his vision on the

institution.

The Bank has a strong internal culture, built partly on its unusual relationship with its clients. As pointed out by Mr Moses Naim, a former finance minister of Venezuela and Bank executive director, staff know that their promotion prospects usually depend more on their internal reputation than on the opinions of anyone outside the organisation. including borrower govern-

Although every new president reshuffles the boxes in the Bank's organisational chart, Mr Naim says, informal pyramidal clans owing allegiance to individual senior managers tend to reform soon after the reorganisation, so behaviour inside those boxes changes lit-

directors say Mr Lewis Preston, the current president, has begun to make progress in changing the corporate culture. But he is stepping down after only three and a half vears because of illness.

In the absence of clear leadership from recent Bank presidents, the clan chiefs have taken over the job of defining the institution's mission.

"A distinction between corporate direction and operational management is presently - and has been for some time - missing. Instead, operational management filled the void and thereby defined strategic direction," says Mr Willi Wapenhans, who was one of those clan heads but whose 1992 report on the Bank's portfolio management provoked a broad rethink of how the organisation works.

Mr Wolfensohn has read and is intrigued by Mr Wapenhans's report, which ascribed a steady deterioration in the the World Bank's portfolio to an internal culture that tended to promote officers who made the most loans, rather than those whose loans performed

One of the critical evolutionary challenges facing the World Bank is its relationship to the private sector.

The Bank's articles require it to lend only to government institutions. That restriction posed few problems when its tasks were rebuilding Europe after the second world war or laying the first infrastructure foundations for the developing

Today, however, the Bank preaches the gospel of reliance on the private sector to its borrowers, but at the same time can only lend to their public

The expansion of the International Finance Corporation, a World Bank affiliate which does lend to private businesses, has not resolved this contradiction The serious money is still in the parent World Bank, which lent \$14.2bn (£8.6bn) last year against the IFC's \$2.5bn.

The answer to the conundrum may lie in the use of the World Bank's power to guarantee projects, a power of which it is making cautious out growing use. Former senior officials of the organisation say it also lies in making sure the private sector mentality becomes more deeply ingrained in the corpo-

But the World Bank also faces a challenge in the heart of its development business; at the International Development Association, which makes cheap loans to the very poorest countries, mostly in sub-Saharan Africa.

The World Bank itself is now self-financing, funding new ns on the in its existing portfolio. Because of its heavy interest rate subsidy, however, IDA must pass the hat to donors every few

The Clinton administration is having a hard enough job persuading Congress to produce the final \$1.49bn of its contribution to the most recent replenishment of IDA, to which the US pledged 20.9 per cent of the total. Negotiations have already begun on the next round, and US Treasury officials have had to tell their counterparts that it must shrink if they are to have any chance of winning the funds from Congress.



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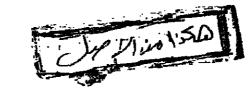
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There is a difference



Tokyo tries to defuse criticism of credit unions' rescue

Japan's finance ministry punishes six bureaucrats

The Japanese government yesterday punished six senior bureaucrats in an attempt to defuse criticism of the official rescue of two credit unions, which will be vital to the feasibility of any future bail-outs.

Mr Masayoshi Takemura, finance minister, reprimanded the men - who include Mr Jiro Saito, his ministry's most senior official - and demoted one of them. To add sincerity to the gesture. Mr Takemura said he would voluntarily return to the public purse 20 per cent, or Y326,000 (£2,260), of his own Y1.63m salary this month.

Politicians in government and opposition dismissed the penalties as too

This is the first such public penance by Japan's most powerful ministry in nearly two decades. It comes as a result of revelations by Mr Harunori Takahashi, former president of Tokyo

pected of flouting lending regulations. Mr Takahashi, a maverick property developer, has close bureaucratic and political connections.

Mr Takahashi told a parliamentary committee investigating the proposed rescue that one finance ministry official, Mr Hiroaki Taya, had accepted a free lift to Hong Kong on his private jet, and that he had entertained another at a luxurious Japanese res-

The suspicion, denied on all sides, is that Mr Takahashi was cementing official ties, in expectation of public support for the credit unions. The two unions' estimated Y120bn of bad debts include substantial loans to EIE International, a property company headed

Mr Taya, head of the Tokyo Customs House, a job from which it appears it would have been hard to influence banking policy, has been moved to the finance minister's secretariat, a holding pool for officials.

yesterday's public relations exercise will restore the political chances of a rescue, seen as necessary to avoid the risk of panic by other weak banks'

The credit unions' bad debts are small by comparison with problems in the rest of the banking system. Yet this bail-out is seen in the ministry as a test case for possible public support for seven housing loan corporations, with combined bad debts of more than Y6.000bn.

Officials argue that the stakes are so high that they will devise some form of a public rescue package for the credit unions, whatever the political embarrassment.

It is 16 years since the finance ministry last felt moved to atone in pub-lic. That was when nine senior officials were formally warned for accepting too lavish entertainment from state-owned Japan Railway Construction Public Corporation.

MoF bureaucrats seen as too big for their boots

Michivo Nakamoto on the power of Japan's finance mandarins



days in the halls of Japan's Ministry of Finance, guardian of the wealth of the world's second largest economy: the minis-

lapan Agenda try's mandarins, usually regarded as the elite of Japan's elite, have been tainted by scandal among their members: the top-ranking finance bureaucrat has been widely criticised as a shadow shogun exercising influence beyond his brief: and the ministry, the bastion of Japanese bureaucratic power, has been bombarded by calls for reform.

The scandal, related to the official rescue of two failed credit unions. has raised suspicions of corruption among the country's normally high-minded bureaucrats and traggered an outcry about the close relationship between finance ministry officials and members of the industries they are supposed to oversee.

It comes at a time when public criticism of the MoF has been growing louder. Hardly a day goes by without media reports of what is seen as its bureaucratic shenanigans aimed at securing more power for its members. Things have never been so bad," concedes one MoF official.

the finance ministry has been the target of harsh criticism. The MoF's staunch resistance to financial deregulation and its insistence on tax rises to meet the needs of an ageing society are seen in the US as detrimental to Washington's hopes of

opening Japanese markets further. Foreign Affairs, the influential US magazine, carried an article in its lat-

All is not well these ministry as "the source of the extraordinary will to win that westerners have long sensed lies behind Japan's relentless quest for economic expan-

> At home, public ire and suspicion have been fuelled by what is seen to be the finance ministry's dominance over crucial aspects of national policy which should rightly be determined by elected politicians.

"Everybody shakes with fear before the finance ministry," said Mr Yukio Noguchi, economics professor at Hitotsubashi University. "Nobody, including bureaucrats in the other ministries, politicians and journalists. dares criticise the MoF."

Throughout its modern history the MoF has always exerted power over fellow bureaucrats by dint of its budget-formulating authority. "In the end, the finance ministry only has to say that they don't have the funds. Faced with that statement, there is very little other ministries can do to stand up to the MoF." said one official at the Ministry of International Trade and Industry (Miti).

But recent upheavals in Japan's post-war political order have allowed the MoF to extend its influence in effect unchecked by politicians who are entrusted to reflect the public

The counterbalance against the MoF's influence which had always been posed by special interest politi-cians within the Liberal Democratic party collapsed when the LDP's 38year run as the country's ruling party ended in 1993. Although back in power a year later as the leading force in a three-party coalition, "the LDP no longer has the same kind of influest edition which credits the finance ence over the MoF as it used to in the

past", said a bureaucrat from another ministry.

Likewise Miti. which exercised its authority as the formulator of Japanese industrial policy, has seen its powers reduced by the declining role it has assumed in the country's domestic life.

The finance ministry's top bureaucrats, most of whom are graduates of Tokyo University's law department, are seen as particularly adept at getting whatever policy they set their goals on adopted by the country's political leaders.

While it is no secret in Japan that policy decisions announced by ministers are more often than not determined beforehand by the country's bureaucrats, the tenacity with which the MoF pursues its mission and its annarent ability eventually to get its way has prompted the common remark that it is really the MoP which runs Japan. "Politicians all fall under the minis-

try's spell because what the MoF says is right. The more they listen to the arguments of the MoF, the more they come to see that what they are saying is right," contended one finance ministry official.

This behind-the-scenes manipulation of politicians by bureaucrats was serve the national interest.

But as the political, social and administrative systems which have supported Japan's rise to economic power have come under question amid the country's transition to a post-industrial economy, the bureaucrats' hold on power is no longer unquestioned as being in the national interest.

The conservative finance ministry



Masayoshi Takemura, Japan's finance minister, tells reporters details of his salary penalty and reprimands given to senior ministry bureaucrats

in particular has become a symbol of bureaucrats characteristically claim unhealthy bureaucratic meddling in innocence and point an accusing finthe country's affairs and of stubborn resistance to change.

Far from facing up to the need for reducing bureaucratic red tape, the MoF is doing everything it can to hold on to power for power's sake, critics

The recent failure to adopt a proposal, as part of the government's administrative reform programme, to merge the Export-Import Bank and the Japan Development Bank, both public institutions under the MoF's jurisdiction, has been blamed on MoF resistance and has provided the public with evidence of the ministry's determination not to relinquish any of

Many of the ministry's actions - a scheme to support stock prices, its insistence on setting exorbitant launch prices for privatisation issues to maximise revenue - are criticised for doing more damage than good to the smooth functioning of Japan's

en more worrying is that the MoF has seemed increasingly intent on forcing its will regardless of public

Last spring the sudden announce ment late one night by Mr Morihiro Hosokawa, the then prime minister, of a 7 per cent welfare tax to replace the 3 per cent consumption tax enraged the public which sensed the MoF's hand behind his move. Inside the MoF's sombre building. ger at the politicians and their lack of leadership.

"When the politicians are incapable of making the necessary decisions, as now, they adopt our recommendations and we are seen to be powerful." said one official in the ministry's prestigious budget bureau.

Finance bureaucrats justify their paternalistic ways and their resistance to change as best suited to Japanese society, which they say prefers slow and orderly transition to dramatic upheavals. Secure in their views on managing the country's finances, they brush aside criticism as a temporary trend that will blow away in due course.

What the men at the MoF fail to grasp is that the public, which has so far meekly accepted the course laid down by the ministry, is increasingly disillusioned. The recent public outcry over the MoF's plans to rescue the two failing credit unions, its attempts to thwart administrative reform, and Tobacco, which investors shunned as a result of the high launch price set by the MoF, all reflect a loss of faith hy the public in the ministry's doings. While politicians may still fall under the ministry's spell, the public is less inclined to do so. As it comes under direct public scrutiny, the MoF is looking increasingly like a pied piper with a dwindling troupe of villagers following his tunes.

ASIA-PACIFIC NEWS DIGEST

Afghan faction leader killed

Mr Abdul Ali Mazari, the leader of Afghanistan's Shia opposition Hezb-i-Wahdar faction, was killed vesterday while being held captive by the Taliban student militia. Government officials said he died in a helicopter crash while being taken to an unknown destination from the Taliban base at Charasyab. south of Kabul. But a Taliban spokesman said he was killed in a fight with his captors after the helicopter made an emergency landing in the militia-controlled eastern province of

Mr Mazari was said to have been captured by the Taliban at his Karte Seh enclave in south-western Kabul. Afghan government forces were meanwhile preparing to assault the Charasyab base while keeping up a looting spree in an area seized earlier from the Taliban and the Hezbi-Wahdat militia. Fighters loval to President Burhanuddin Rabbani led by mujahideen guerrilla commander Ahmad Shah Masood, handed the Taliban its first defeat on Saturday when they drove it and the Hezh i-Wahdat faction out of Karte Seh. Reuter. Kabul

Japanese bankruptcies increase

Japanese bankruptcies grew in February, according to statistics released yesterday. Teikoku Databank, a credit research agency, said the number of corporate bankruptcies with liabilities of more than Y10m (£69,000) rose 10.7 per cent in February from a year earlier. Total liabilities rose 9.6 per cent to Y556.29bn. breaking a four-month pattern of year-on-year declines. General recession was blamed for most of the 1.140 bankruptcies, but seven were attributed to the high yen, and 22 companies went bankrupt as a direct result of the January 17 Kobe earthquake.

An Industrial Bank of Japan survey yesterday on corporate capital spending plans also gave a slightly gloomy initial impression: on average, Japanese companies expect capital investment to decline 2.3 per cent in the 1995 fiscal year. But the bank said it expected the figures to be revised upwards, so they could end up positive for the first time in four years. The survey was carried out in late January. Similar surveys before the Kobe earthquake gave more optimistic results, suggesting that confidence was affected in the immediate aftermath of the quake. Bethan Hutton, Tokyo

Australia suffers inflation rise

Inflation fears were kindled in Australia yesterday with the release of statistics showing a 0.7 per cent rise in manufacturing output prices in January. This is the largest monthly increase since November 1990, and follows a static month in December 1994. It means that manufacturing output prices have now risen by 2.7 per cent year-on-year, the biggest increase since February 1993.

However, some economists noted that the largest price increases were concentrated in export-related areas, such as basic metal products and petroleum products, and attributed the January rise to worldwide increases in commodity prices rather than domestic demand pressures. "We also already know that base metal prices have been somewhat softer lately - they are therefore unlikely to push the index up nearly as much in coming months," added Bankers Trust. Nikki Tait,

Bond faces committal hearing

Mr Alan Bond, the failed Australian businessman, will face a committal hearing over an alleged A\$1bn (2470m) fraud, involving the transfer of funds from Mr Robert Holmes à Court's Bell Resources to his Bond Corporation. The charges were filed by the Australian Securities Commission in January, after a five-year investigation, against Mr Bond and two other former directors of Bond Corporation. A Perth magistrate scheduled the proceedings – estimated to last 12 weeks – for November 1 to January 17. He also renewed Mr Bond's bail of A\$500,000 with A\$250,000 surety. Nikki Tait, Sydney

Indonesian budget up 3.7%

will emerge 3.7 per cent up on the projected Rp69,750bn (£19.8bn), the official Antara news agency quoted Mr Mar'ie Muhammad, finance minister, as saying. Revenues and expenditures were around Rp72,350bn in the budget, which is bal anced by law. Projected growth over 1993-94 had been 11.9 per cent. Mr Mar'ie told a budget hearing in parliament that an increase in international oil prices and a rise in Indonesia's oil production along with better than expected tax receipts accounted for the greater revenues. Non-oil revenues were Rp47,970bn, up 2.3 per cent on projections, mainly from increased tax revenues. Reuter. Jakarta

Magnet for business in Burma

William Barnes and Jeremy Grant make a comparison with Vietnam

🕇 eneral Tan Shwe, Burma's prime minister, who ended a five-day official visit to Vietnam yesterday, had an opportunity to inspect the business boom in a communist country often praised for the canny pragmatism of its economic policies. Yet although Vietnam is as much ahead of Burma in terms of international image as in its

economic liberalisation, the general might still have wondered how much Hanoi had to teach the Rangoon regime about attracting foreign invest-For it appears that Burma is

starting to attract significant foreign business interest at a time when disappointment on at Myanmar the part of some investors in Vietnam is running high. The British embassy staff in the Burmese capital recently

served up madeira and laid on a performance of Noel Coward songs such as Mad Dogs and Englishmen on the colonial-era embassy veranda. As improbable as the event may sound, it was part of a week-long British trade and investment fair entitled Promoting Modern Britain to Myanmar (as Burma is now known) which ended 10 days

ago. Such initiatives are becoming more common following the military regime's recent moves to liberalise an economy that for most of the period since independence from Britain in 1948 has been caught in the grip of debilitating and inept socialist planning. "The British have seen the Asean countries, the Japanese

and the French start to nibble at the infrastructure projects now they want to reclaim some of their past glory," said Mr Ho Chin Beng, the chief representative of Singapore's DBS bank in Rangoon.

human rights record has brought it international notoriety - overturning the results of a 1990 general election and keeping Ms Aung San Suu Kyi, leader of the victorious National League for Democracy, under house arrest ever since. Yet most of the businessmen toying with deals in the

'Many Japanese businessmen are telling me now that they wished they had looked (Burma) before Vietnam'

country reckon that the State Law and Order Restoration Council (Slorc), as the regime styles itself, is probably there

to stay, at least in some form.
"The political risk in Burma
and Vietnam is about the same. They are both one-party states with a quite cohesive leadership," said Mr Richard Neville, corporate finance director of Kerry Securities in Hong Kong, which set up the first investment fund for Burma last October. "The dif-ference is that Burma doesn't put obstacles in the way of foreign investors like Vietnam does - they're desperate to deliver some economic prosper-

ity," Mr Neville added,
"Many Japanese businessmen are telling me now that they wished they had looked at Myanmar before Vietnam." said one Japanese government

Japan's Marubeni trading

The Burmese army's ugly help develop the country's numan rights record has ramshackle infrastructure and to boost its market economy by helping to co-ordinate foreign

Some observers might dispute the ability of venture capitalists and businessmen eager to explore new markets to judge potential political dangers, but Burma does appear to have a number of practical advantages over Vietnam for foreign investors:

 There is much less red tape. Although Vietnam has theoretically the world's most liberal foreign investment laws, the approval process can be agonising. "You run around in circles for weeks and months. Wow! You finally get your MOU (memorandum of understanding) - but you've still got 33 more people to visit," said one western businessman. By contrast the Myanmar Investment Commission can issue investment approval much

more quickly. In Vietnam sometimes only money talks - the level of corruption is currently reckoned to be much lower in Burma. Burma is a much cheaper place to operate in: a representative office can be set up for \$100,000 a year all in, by one banker's estimate. • The Burmese still use old British company law and

tract laws are important. Vietnam's often confusing legal fabric contains strands of French, Soviet and Roman law. The Burmese retain their knowledge of commercial law - what do the Vietnamese remember? A civil service run by Mandarins and businesses

run by Corsicans?" said one bitter foreign investor. Yet fundamental problems remain for foreign investors in company recently agreed to Burma that they do not nam."

encounter in Vietnam: notably the 20-fold disparity between the official and black market rates for the local currency, the kyat. The junta finds it politically difficult to free the exchange rate for fear that sharp increases in the price of food and fuel could trigger another round of popular protests. The artificial value of the currency forces exporters to barter or do illegal deals to repatriate their earnings, something with which few big international companies want

to bother. Even optimists admit that Burma's chances of achieving economic takeoff have been stymied by its political isolation. International lending institutions such as the World Bank will not touch Burma unless there is an internation ally acceptable political settle-ment. This precludes the revamp of the national infrastructure and, in effect, caps the economy's long term growth prospects.

Hardly anyone doubts that Burma - with its 45m population and lush natural resources - is ripe for a business boom given the right conditions. But does this make the country any more tempting than Vietnam was, say, five years ago?
"It's human nature to be excited whenever they are

approaching a new party - no matter how bad the hangover after the last one. I suspect Burma will be just the same: high expectations and then some disappointment," says one seasoned foreign investor. But Mr William Gasson, the regional chief of the inspection and testing group SGS, which has offices in both countries,

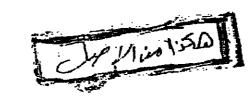
maintains: "Once Burma gets going I do think the road will

be a lot less rocky than in Viet-

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages. **UNITED STATES** E JAPAN E GERMANY 1.79 2.21 2.61 2.22 2.11 2.38 2.45 2.11 1.76 8.2 11.5 10.4 10.6 8.5 2.0 -0.4 1.4 2.9 9.9 7.6 5.1 2.3 2.05 2.07 2.13 2.23 1.75 1.72 1.76 1.83 5.47 6 94 7.17 7.09 7.28 7.22 7.44 7.72 7.94 7.81 7.78 7.46 2.80 2.91 2.89 2.91 2.84 2.85 2.87 2.91 2.95 2.95 2.85 5.2 5.9 5.0 4.7 5.7 6.9 6.0 5.5 4.9 5.7 2.13 2.08 2.01 2.02 2.76 2.21 2.20 2.24 2.24 2.23 2.20 0.79 0.80 0.78 0.72 0.73 0.74 0.77 0.76 0.79 0.80 0.85 6.27 6.43 6.83 7.05 6.90 7.10 7.53 7.54 7.48 7.45 7.45 10.5 11.6 11.2 11.3 9,7 10.1 9.8 8.8 6.5 5.2 3,7 5.84 5.61 5.20 5.07 4.97 5.00 5.07 5.22 5.21 5.40 5.16

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March 1994 April May June July August September October November December January 1995 February	2.4 4.9 1.3 2.0 4.4 3.0 2.9 3.1 3.2 3.3	-5.2 -4.1 -4.8 -4.4 -2.0 -1.3 -1.0 0.5 0.9 2.3	6.25 6.01 5.65 5.57 5.65 5.63 5.65 5.61 5.97 5.83	6.37 6.65 6.94 7.48 7.38 7.61 8.09 8.17 8.13 8.01 8.20 7.99	2.90 2.89 2.88 3.14 3.09 2.96 3.10 3.18 3.08 3.06 3.20 3.21	9.6 10.2 9.2 7.4 7.9 5.8 4.8 4.2 3.9 3.5	8.5 8.4 7.2 6.3 6.4 4.9 3.8 3.3 2.7	8.43 8.11 7.80 8.03 8.43 8.96 8.76 8.88 9.03 9.06 8.98	9.46 9.07 9.38 10.46 10.70 11.49 12.03 12.04 12.22 12.39 12.41	1.77 1.58 1.49 1.57 1.54 1.58 1.71 1.74 1.79 1.68 1.64	5.6 6.0 8.9 8.8 6.5 6.3 7.1 7.3 7.1 6.7 8.5	5.7 5.5 5.6 4.8 4.8 4.9 4.1 4.4 4.4	5.23 5.29 5.22 5.16 5.29 5.56 5.76 5.98 6.13 6.46 6.64 6.80	7.29 7.86 8.13 6.54 8.38 8.52 8.80 8.71 8.58 8.53 8.66 8.60	3.74 3.87 3.96 4.16 4.11 3.94 4.04 4.14 4.12 4.23 4.23



NEWS: WORLD TRADE

look at Ireland's waters

UK and Israel |Oil explorers take second to form joint business council

By Julian Ozanne in Jerusalem

Britain and Israel yesterday agreed to form a joint business council to promote two-way trade and investment in the wake of unfolding Middle East

The decision emerged during a conference of senior British and Israeli businessmen who also agreed an agenda of objectives to boost bilateral trade worth £1.6bn (\$2.53bn) a year.

"We now have a very high level of commitment from the top of British and Israeli industry and the political support of both prime ministers to create an organisation which will expand business and investment," said Mr Richard Need-ham, British trade minister.

The business delegation accompanying British prime minister John Major on a regional visit groups leading UK businessmen including British Gas chairman Richard Giordano, Cable & Wireless chairman Lord Young and Sir Christopher Hogg, Reuter's

Businessmen said the presence of senior executives from British Aerospace and the General Electric Company, who are making their first official trip to Israel, marked the fact that most British companies were now operating as if the Arab economic boycott of

Both British Aerospace and GEC traditionally avoided business with Israel because they feared being blacklisted and losing lucrative deals with Saudi Arabia and other Arab

Israel were dead.

"I think for most companies the boycott is a matter of the past," said Lord Sterling, chairman of P&O

The embryonic British-Israeli business council agreed a 10-point agenda including fostering joint ventures in Israel and other countries in the Middle East; undertaking massive regional infrastructure projects; and pushing for a speedy conclusion to long-delayed negotiations over a bilateral agreement on investment

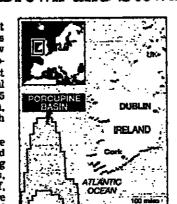
John Murray Brown and Stewart Dalby on a new bids round tomorrow announces the results of a new round of licences for oil exploration blocks off Ireland's west coast. It says 11 international consortin have bid for 35 blocks in its Porcupine Basin, a large sedimentary trough

some 100 miles offshore. A total of 132 blocks were offered when hids were invited in January last year. Among the large oil companies. Amoco, Conoco, Total, Elf. Occidental and Marathon are understood to have submitted

This is the first big round of licensing in Ireland since the early 1980s.

There is a gas field off Kinsale in county Cork and there have been modest oil finds in the Celtic Sea off south-east Ireland and the Porcupine Basin, but there are no func-tioning oilfields although some wells were drilled in the area

All the acreage has since been surrendered and the wells plugged apart from a small



area developed by Aran Energy, the Irish oil concern. Aran owns the Connemara field in the Porcupine Basin which has known reserves of up to 80m barrels, half of which could be recoverable. Aran is hoping for some new

Exploration in the Porcupine was largely abandoned in the mid-1980s because of deep water and distance from the

There is no oil infrastructure around Ireland in the form of pipelines and the oil finds were deemed uneconomic. The Porcupine is 1,200ft deep; the deepest well in the North Sea is around 600ft. Another disincentive was Ireland's punitive taxation regime on companies in

the mid-1980s. However, the discoveries by BP and others to the west of Shetlands have transformed the economics of deep water production. Floating rigs, vertical drilling and the ability to transport oil to tankers at sea have brought down the cost of extraction to \$5 a barrel from around \$20 during the 1980s.

Ireland has been considered a high-risk location because of its poor history of finds and the deep water exploration costs, However, technological developments and a more lenient tax regime have helped to improve the prospects for companies recouping their out-

In 1992 Ireland introduced a 25 per cent corporation tax and a claw-back provision which

will allow companies which prospected in earlier decades to recover their development

and exploration costs. According to the Genevabased Petro Consultants, ireland now offers the best fiscal regime in the world for oil companies - the UK is the second most favourable. In the 1970s, in a bid to maximise earnings at a time of high oil prices, the Irish government take was as much as 80 per cent of income.

Energy analysts say the attractions of the licence is that it allows companies a long lead time into the development

In 1994, the Porcupine Basin was redefined as "frontier acreage", which means companies are not required to drill a well for two years in the first phase of exploration. The only obligation is that they commit themselves to a work programme of

seismic activity. Companies will be obliged to pay a licence fee of I£20 (\$31.60) per sq km. or around 1£5,000 for a block of 250 sq km.

WORLD TRADE NEWS DIGEST

Jakarta attracts more investment

Foreign investment approvals in Indonesia rose to \$10.4bn in the first two months of this year compared with \$1.8bn in the same period last year. Indonesia's investment minister, Mr Sanyoto Sastrowardoyo, said the figures were "encouraging" and showed Indonesia was still attractive to foreign investors despite increasing competition in the south-east Asian region

for foreign capital. However, historically only half of approved foreign projects by value are implemented. Last year foreign investment approvals reached an all-time high of \$23.7hn after dipping to \$8hn in 1993. The value of foreign investment approvals has shown a sharp increase since June last year, following a deregulation package which opened several sectors to foreign capital for the first time and allowed foreigners to retain majority ownership in a joint-venture company after 20 years of operating in the country. Manuela Saragosa, Jakarta

Australia seeks trade review

Australia is seeking to review a 37-year-old bilateral trade agreement with Malaysia when the Australia-Malaysia Joint Trade Committee meets next month. Australian officials said the aim was to revise the agreement so it "reflects more accurately our trade policy objectives and commercial interests in Malaysia". Market access issues - a bone of contention for Australian exporters in the Asian region - are likely to be raised at the forum.

Bilateral relations have sometimes been fractious, but trade has continued to grow, rising from around A\$1.5bn (\$2.01bn) in 1989/90 to over A\$2.8bn in 1983/4. There have also been signs of increased investment interest by Malaysians in Australia, notably in the property and resource sectors. Nikki Tait.

Contracts and ventures

■ Alenia, Italy's state-controlled defence and aerospace group, has won a \$160m contract to equip six Brazilian navy frigates with radar, missile and other equipment. Alenia, which is part of the Finmeccanica engineering holding com-pany, won the contract more than four years after the Brazilian navy opened an international contest for the modernisa-tion of six Niteroi frigates, built by Vosper Thornycroft of the UK. Alenia Sistemi Navali will supply radar guidance systems, seven surveillance radar systems, and six Albatros-Aspide surface-to-air missile systems, as well as logistical support. Andrew Hill, Milan

Fincantieri, Italy's state-controlled shipbuilder, has won another order for a tanker equipped with a double-skinned hull to protect against oil spills in the case of grounding or collision. The 150,000-tonne ship, which should be delivered to the new owner, Transpetrol, during 1996, is the sister to Eco Europa and Eco Africa, which were built for Snam, the gas subsidiary of Italy's Eni group. Fincantieri is now working on a total of 16 orders for "eco-tankers". Andrew Hill, Milan

Singapore CableVision, a cable television network due to

start in mid-year, has signed up Asia Business News (ABN) to provide 24-hour service on weekdays and 12 hours of programming a day on weekends. ABN said it would be one of 30 channels on Singapore CableVision when it is launched in June this year. Reuter, Hong Kong

■ CAE, the Canadian electronics group, will supply a full Boeing 777-200 flight simulator and trainer systems to Japan Air System, the third-largest Japanese airline, for early 1997 delivery. The value of the contract is around \$20m. CAE has won seven of a total 11 Boeing 777 full simulator orders so far. Robert Gibbens, Montreal

promotion and protection. **Buoyant drugs market** in N America and UK

North America and the UK were the fastest growing of the world's main drugs markets in 1994 in spite of public and private sector efforts to control healthcare costs, according to figures published today.

Both markets grew by 8 per cent to \$52.9bn and \$5.6bn respectively, according to IMS. the market research company which compiles drugs industry statistics. This compares with world growth, at constant exchange rates, of 5 per cent to \$122.3bn. Growth in North America compared with a rate of 5 per cent the previous year and reflected new product launches and the failure of proposed US government healthwhere prices are effectively

In the UK, where the government has imposed modest price cuts, the 1994 growth was lower than the growth of 12 per cent in 1993. The UK remains a relatively small market in world terms, well behind Japan, Germany, France and

Italy imposed the harshest controls on drugs prices of all the countries surveyed by IMS last year. A fall in sales of 8 per cent in 1994 to \$7.4bn followed a 2 per cent fall in 1993. Drugs industry executives hold out little hope for a rapid return to growth in Italy. The Japanese govern-

care reforms. The US is also ment also imposed some price the world's only large market cuts last year. Sales there where prices are effectively rose 2 per cent to \$22.5bn. compared with growth the

previous year of 6 per cent. The German government attacked drugs costs in 1993, when sales fell 9 per cent. Last year's growth of 5 per cent to \$13.6bn was second only to the US and UK, but failed to return sales to the levels seen in the

> France, yet to impose widespread cost control measures on pharmaceuticals sale, nevertheless had a lower sales growth in 1994 than in 1993. Last year, sales grew 3 per cent to \$12.9bn. The rate of growth was double that in 1993. By medical area, one of the fastest growing areas of 1994

World pharmacy drug purchases January-December 1994 in US dollars (m) 3,503 3,226 4,371 2,400 1,136 1,462 2,823 902 1,751 1,400 2,175 733 1,881 528 4,809 2,989 Cardiovascular 8,630 9,024 4,947 5,595 2,263 Alimentary/Metabolism Central Nervous System Respiratory 90 66 Musculo-Skeleta **Blood Agents** 1,416 7,410 1,059 5,575 22,449 13,640 12,920 "Non-hospital market only "Increase excluding currencies Source: IMS International

was the new generation of anticholesterol drugs made by companies such as Merck and Bristol-Myers Squibb, the two biggest US drugs makers.

The class of drugs to which anti-cholesterol treatments belong had sales increase 8 per cent to \$4.1bn, in constant currency terms, with the fastest growth seen in the US. The flow of new products in ulcer treatments boosted sales

there too. Products include the

world's biggest selling drug, Zantac, made by Glaxo of the US, and Losec/Prilosec, from Sweden's Astra Sales in that class rose 8 per cent to \$9.1bn. Growth in sales of anti-depressants such as Prozac, made by Eli Lilly of the US, made the category of nervous system drugs one of the fastest growing. Sales there rose by 8 per cent to \$15.5bn. Within that group, anti-depressants grew by 22 per cent to \$4.4bn.

Sales fell in some areas, how-Cough and cold preparations sales were down 4 per cent to \$3.2bn, and sales of anti-rheumatic drugs fell 4 per cent to

\$3.8bn. These two are typical of areas where governments have been keen to reduce subsidy through national health services and encourage patients to pay for the drugs themselves in ordinary shops.

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Watchdog

reviews

By Raymond Snoddy

information group.

News channel.

TV news

agreement

Britain's Office of Fair

Trading is believed to be

looking into an non-competi-

tion agreement signed by all

the shareholders of Indepen-dent Television News, includ-

ing Reuters, the news and

The issue has come to the

fore because of the recent

agreement between Reuters and British Sky Broadcasting (in which Pearson, owner of

the FT, has a stake) on supplying programming for the Sky

The new grouping is seen as a possible competitor to ITN in

the news supply market in

British commercial television.

The creation of such a second

force, which a number of

broadcasters, including Chan-

nel 4, want to see, would

Upward pressure on manufacturers' prices eases

Economics Correspondent

British industry's fuel and raw material costs rose relatively modestly in February, alleviating upward pressure on manufacturers' prices, official figures showed yesterday.

Fuel and raw material costs rose by 0.2 per cent in February after adjusting for the small fall which is normal for the time of year, according to the Central Statistical Office. Input costs rose by 1.7 per cent in January and have not risen by less than 0.2 per cent in any month for more than a year. The annual rate of increase

consequently edged down to 11.4 per cent, retreating from January's 10-year high of 12.1 per cent. This was the first fall in this annual rate for more than a year.

Input costs were subdued in February by a big fall in fuel prices, while speculative selling also pushed down metal prices on commodities markets. But the price of materials used by the food processing industry continued rising

Manufacturers meanwhile raised their prices by 0.3 per cent between January and February, lifting the annual rate of month high of 3.6 per cent. The statistical office also revised up its estimate of factory output prices in the previous month, providing further evidence that companies have been successful in passing higher costs onto their custom-

The figures were slightly more subdued than City economists had expected, but they had little impact on expectations of future movements in interest rates. Most economists said the Treasury and Bank of England would wait to see whether economic growth con-

ers rather than absorbing them

tinued slowing and whether underlying factory gate infla-the pound would carry on tion rate for 3½ years. But the

NEWS: UK

Mr Andrew Cates, economist at UBS said: "We expect output price inflation to continue to rise through the course of the year". He added that economic activity was likely to rebound after showing signs of weakening, prompting a further rise in interest rates before the second half of the

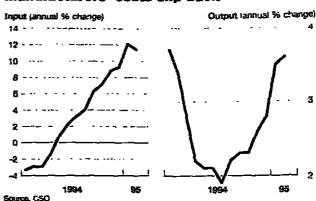
Excluding volatile food, drink, tobacco and petrol prices, factory gate inflation rose from 3.5 per cent in January to 3.7 per cent in February. This was the highest

0.3 per cent rise in underlying factory gate prices in February alone was the lowest for six

months. Upward pressure on factory prices remained strongest in those sectors most exposed to rises in commodity prices over recent months.

These include the wood, paper, chemical, plastic and metals industries. Manufacturers are also facing pressure on costs from an upturn in unit labour costs - the amount which has to be spent on each unit of output.

Manufacturers' costs slip back



open assembly unit in Poland

By Kevin Done Motor industry Correspondent

LDV, the Birmingham-hased van maker, is expanding into eastern Europe less than two years after it was rescued from receivership by a management buy-out.

The company has begun assembly of its 400 series van in Poland in a collaborative project with Andoria, the Polish manufacturer of diesel

LDV, formerly Leyland Daf Vans, which was established in April 1993 following the collapse of its parent company Daf, the Dutch commercial vehicle maker, has recovered strongly. It intends to re-enter important markets in western Europe later this year.

It is understood to have earned pre-tax profits of around £18m (\$29.5m) in 1994. its first full year of operations. on a turnover of some £165m. Mr Allan Amey, LDV chief executive, said the venture with Andoria was an important element in the company's export strategy, and it was hoped to sell the Polish-built vehicles in other markets in

The vehicles are being fitted with Andoria's own 2.5 litre turbo diesel engine along with gearboxes bought from the Land Rover division of Rover, the UK subsidiary of BMW of

Andoria hopes to raise gradually the level of locallysourced components, which could include tyres and bat teries. exhaust systems, radiators and plastic components.

LDV said it intended to supply more than 1,000 van kits a year to Poland. A volume of at least 1,000 a year is necessary in order to avoid 30 per cent

Polish import tariffs, Mr Amey said that the collaboration with Andoria could develop into a joint venture with LDV taking an equity stake in the Polish van operations. The two companies have established a network of 10 dealers in Poland and are aiming to raise this to 25. Importer/distributor agree-

ments should be signed for Germany, the Netherlands. Belgium and France within three months, said Mr Amey, with the aim of achieving sales of around 2,000. An agreement

Internationale Nederlanden Dutch banking

COLLAPSE operating businesses, has suspended on full pay all staff at Barings Futures (Singapore).

the subsidiary which was managed by Mr Nick Leeson and caused the bank's collapse. Mr Peter Teo. a senior executive at ING, said yesterday that

new management is completed. The suspensions come the day after ING announced that it was to set up a new futures operation in Singapore to replace Barings Futures (Sing-

It is thought likely that this leave will continue until an

internal investigation by the

apore), which will be liquidated. It could start trading later this week. Barings Securities Singapore is likely to recommence trading today. The lawyer representing Mr Simon Jones, a Barings Futures director who has not

had been put "on paid leave". board in Singapore, said his position at the company was still being "worked out". ING has said that it expects most of Barings staff in Singapore, about 120 people, to be retained and their bonuses to be paid.

Barings Futures (Singapore) traders and backroom staff were called to a meeting yesterday. Company insiders said most of the staff were unlikely to work for Barings again. There have also been indications that some of the staff who worked closely with Mr Leeson will be prevented by regulators in Singapore from working for other firms.

A government official said: "Singapore must think first and foremost about its reputation, and although there is no indication that these people knew that anything was going on, they are unlikely to be welcome here."

Barings staff reacted angrily. One said: "We have waited around for near ages and they do this to us. I worked my guts out for them but now I'm being treated like a common crimi-

Last night Ms Deborah Tan, one of three interim judicial managers from Price Water-

added that there had been no application for

bail. Mr Leeson has been held since March 2 in

a prison in Hochst, on the outskirts of Frank-

fort, after being detained by Frankfurt airport

Singapore must submit its formal extradition

said the court in Singapore had approved a repayment to Banque Nationale de Paris of margin payments on Simex. the Singapore futures

Ms Tan said full repayment of other futures margin payments, frozen after the collapse, was also likely to be made to "tens of Barings' clients" once investigators had confirmed that they were legitimate.

The payments will be made out of the funds Simex passed to indicial managers after the closing out of all Barings

apparently be blocked by the non-competition agreement. The ITN agreement has been submitted for registration by the OFT, which has the power to accept it as not being against the public interest or ask the Restrictive Practices

Court to investigate. It is believed a number of broadcasters have drawn the attention of the OFT to the potentially anti-competitive aspects of the ITN deal.

ITN is the monopoly television news supplier for ITV and Channel 4 until the end of this year. The Independent Television Commission can then decide whether to allow a competing supplier.

Even broadcasters which would probably stay with ITN would like to have the choice of a competitor to put downward pressure on the price of the news supply contracts.

Last week Sir George Russell, the ITC chairman, warned the ITV companies that he believes that the rules limiting individual ownership in ITN to 20 per cent should be honoured. Both Carlton and Granada have 36 per cent because of acquisitions. The ITC decided on a one year moratorium on the sell-down because of the Government's crossmedia ownership review.

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Vans company to ING suspends staff at Barings Futures



group which has bought Barings' main

By William Lewis in Singapore

Mr Nick Leeson, whose trading

activities are alleged to have

forced the UK merchant bank

Barings into administration,

told fellow traders in Singa-

pore earlier this year that he

was executing trades on behalf

of Mr George Soros, the inter-

The Simex futures exchange

in Singapore has been told by

exchange traders that Mr Lee-

son "put it around that Soros

was backing him and that he

therefore had an inexhaustible

and Peter Marsh in London

20 traders and backroom staff been appointed to the new Leeson claimed trades 'on behalf of Soros'

> extradited to Singapore, Conner Middelman writes from Frankfurt. At a 20-minute court hearing in Frankfurt Mr Leeson said he would not return voluntarily to Singapore, where he has been charged with forging documents. Mr Leeson did not comment on the Singapore charges but told the judge he would "assert his defence later", Mr Hans-Hermann Eckert, state prosecutor, said. "He told the judge he wants to be extradited to England, not to Singapore". The prosecutor

Nick Leeson yesterday formally refused to be

dealings with Soros". They believe he used the claim of being linked to Mr Soros "as a legitimate trading tactic against competitor firms" and possibly to disguise the trades he was carrying out on behalf

folio manager at Soros Fund Management, the fund based in New York which is controlled by Mr Soros, yesterday denied that the fund had any link

Mr Druckenmiller, whose company manages \$10bn in his effort to convince market international investments, observers and regulators that

procedure could take four or five months. said: "No one in our organisation has spoken to Mr Leeson and we haven't been trading

with him." The remarks apparently made by Mr Leeson are believed to have been part of

request by May 2, although Mr Eckert said the Singapore authorities can request to extend that deadline by a month. The extradition according to traders. request would then be closely examined by the German court, Mr Eckert said, adding that the

rumours.

ever in any of these reports or

In recent weeks a spate of rumours in financial markets has linked Barings' trading operations in Singapore with the activities of a big fund management group. Soros Fund Management has been mentioned in these rumours,

· Cazenove, the blue-chip UK stockbroking firm, yesterday took the unusual step of denying reports that it had been in discussions about a possible acquisition of the firm by Barings. A statement said: "The partners of Cazenove wish to make it clear that no such discussions have taken place and that there is no truth whatso-

cash supply," a Simex investieastern Europe. for sales and local assembly in Under the terms of the deal Investigators in Singapore of Barings with Andoria, LDV is shipping said there was "no evidence to South Africa could be com-Mr Stan Druckenmiller, portsuggest that Leeson had any kits to the Polish engine pleted within 12 months.



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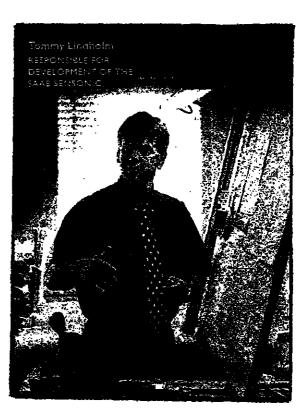
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special reason indeed.





Tories aim to mend link with N Ireland MPs | Labour leader

By John Kampfner, Westminster Correspondent

UK NEWS DIGEST

Conservative party managers sought last night to turn a potentially embarrassing backbench rebellion over Northern Ireland to the government's advantage by repairing links with

Ulster Unionist MPs. Having to work with a minority in the Commons following the rebellion of nine MPs last December and the withdrawal of the Conservative whip from them, Mr John Major has risked his government's survival by antagonising the Unionists. The nine Ulster

Row looms

on airport

noise levels

Local authorities and anti-noise campaigners

reacted angrily yesterday to a government

announcement which objectors say will lead to

an increase in night flights at London airports.

Mr Brian Mawhinney, transport secretary,

told the House of Commons yesterday that the

government had issued a new consultation

document expressing its intention to keep

noise levels at Heathrow and Gatwick airports

below those permitted in 1988. However, as

actual aircraft noise in 1988 was below the permitted level, campaigners said the amount

of disturbance they suffered in future would

Mr Mawhinney said MPs for airport constit-

uencies had called for a reduction in night aircraft noise. He would write to Sir John

Egan, chief executive of BAA, which owns the

airports, asking whether his group and the

airlines could reduce the disturbance caused

BAA said yesterday: "We are always looking

at ways of reducing the impact of night noise,

but Miss Frances Rudd, planning officer of the

Airports Policy Consortium, which includes

local authorities near the airports, yesterday

accused Mr Mawbinney of "passing the buck"

by asking BAA to reduce noise voluntarily

Farmworkers are asking for a bigger share of rising farm incomes in a move likely to meet

stiff opposition from farmers when they meet at the annual wage round next week. The

Transport and General Workers' Union yester-

day demanded a "major pay rise this year", claiming that farmers could pay for the entire

Mr Barry Leathwood, the union's chief nego-

subsidies rose by the same amount last year alone. For large farms, which are the biggest

employers, the outlook is even rosier. But

Farmers can well afford to cover a major pay

The National Farmers' Union, which repre-

were still in recession, and most farms face

Chief of student loans

company is dismissed

The chief executive of Britain's troubled Stu-

financial irregularity. Mrs Gillian Shephard,

education secretary, said yesterday that Mr

Ron Harrison, the company's chief executive, had been dismissed "for conduct which has brought himself and the company into disre-

Although she did not specify its nature, the

misconduct is believed to concern personal expenses, the authorisation of overtime and

the misleading of the loan company's board

during an earlier investigation. The company. based in Glasgow, distributes loans for maintanance costs to university and college students.

Judge orders block on

animal shipments lifted

A High Court judge yesterday ordered officials

at Shoreham in southern England to end a block on livestock shipments through the port

- but placed limits on the number of animals

on anyone sailing. The port authority imposed

Andrew Adonis, Public Policy Editor

expenditure and declining support.

tighter margins as a result of rising capital

ner cent since 1991 and

Michael Skapinker, Aerospace Correspondent

Farmworkers seek

big rise in pay

wage bill out of their subsidies.

rise this year."

pute".

be greater than in previous years.

by night flights on a voluntary basis.

Unionist MPs made clear within days agreed a joint approach, an early day of the publication of the joint Anglothat they had severed their traditional

They also made no secret at their sense of personal betrayal by prominent Tory backbenchers such as Mr Andrew Hunter, whom they had previously seen as a sympathetic channel for their views to Northern Ireland ministers.

Mr Ken Maginnis, the Ulster Unionists' security spokesman, approached Mr Hunter late last week. They

motion - an effective vehicle for expressing parliamentary criticism that stops short of rebellion. Mr Maginnis left it to Mr Hunter to finetune the text, to garner support among Conservatives and to present the motion, which he was expected to

do last night. Mr Hunter, chairman of the back-bench Northern Ireland committee, was understood to have received backing from around 20 Conservatives in addition to the Unionists.

Worried that the move was being reported as another internal party

By Roderick Oram,

Consumer Industries Editor

The Enlightened Tobacco

Company, maker of Death

brand cigarettes, yesterday

launched a mail order service

to import leading brands of cig-

arettes into the UK at up to 40

Shipping them from Luxem-

bourg, it is exploiting lower

mainland compared with the

UK. Its initiative, which will be

tested in a London court in

May, poses the first organised

challenge to the UK's policy of

"All we are doing is arbitrag-ing the tax differential," said

Mr Sten Bertelsen, managing

are operating within the letter

and spirit of European law and

the free market of goods. It is

up to the UK to harmonise

ETC had started to import its

Death cigarettes and Shag

brand of hand-rolling tobacco

director of the company.

high excise duties.

cigarette excise duties on the

per cent below list prices.

Ireland secretary, contacted Mr Hunter. The two met twice, most recently yesterday.

Mr Hunter was keen to play down talk of internal party wranglings, preferring to focus on a possible rapprochement with the unionists, while Mr Maginnis said he hoped differences had narrowed after the fracas over the framework document.

The pretext for the motion was as much the White House invitation to Mr Gerry Adams, Sinn Féin president, as Sir Patrick's attempts to "clarify" the government's conditions for

brought you Death

Excise officers.

on May 5.

From the people who

last November, Some 10 per

cent of the shipments had been

seized by UK Customs and

The company won a tempo-

rary injunction late last week

against Customs. The agency

was ordered to stop seizing

ETC's shipments and to return

any goods it already held pend-

ing a judicial review of the law

Customs argues that EU law

requires consumers to import

the goods themselves from low-

tax countries. ETC argues the

law allows a consumer to

appoint an agent to arrange

the shipment. If the court finds

in ETC's favour, the UK gov-

ernment could lose part of the

£9bn a year it collects in ciga-

distance selling should be

allowed," the Tobacco Alliance

representing independent UK

tobacconists said yesterday.

"Thousands of corner shops,

newsagents and village stores

will have no alternative but to

"It's crazy that mail order

rette excise duty and VAT.

revolt, Sir Patrick Mayhew, Northern upgrading talks with the IRA's political wing. Sir Patrick's apparent soft-ening of the line last week caused consternation.

Many MPs believe it will be difficult for the government to row back from the position that a commitment to decommission plus a token first step will suffice for ministers to begin substantive talks with the Sinn Fein.

For many mildly pro-Unionist MPs, Sir Patrick's statement - during a singularly unsuccessful visit to Washington - was one concession too far to Sinn Féin, the Irish Republic and the Clinton administration.

close as customers flock to buy

The case could take some

years to be resolved if it goes

as far as the House of Lords in

the UK or to the European

Pending the May 5 case,

ETC's subsidiary Tobacco Direct is free to conduct busi-

ness. It has distributed some

1.5m fliers through newspapers

and magazines for its own

newspaper advertising cam-

It is offering, for example, packets of Silk Cut at £2.15 and

Benson and Hedges at £2.19

against a UK list price of £2.75.

The tax saving is larger but

ETC has to cover costs such as

available on its own brands.

Customers can order up to

800 cigarettes a time or a maxi-

mum of 5,000 a month, a limit

set by ETC to meet EU require-

ments that the cigarettes are

for personal consumption.

paign for branded cigarettes.

cheaper tobacco products."

Court of Justice.

beats left wing on party reform

By Kevin Brown, Political Correspondent

Mr Tony Blair, leader of the Labour party, yesterday won the overwhelming support of the party's ruling national executive committee for an amendment to the party's constitution supporting a thriving private sector in a dynamic market economy.

The NEC voted 21 to 3, with five abstentions, to back Mr Blair's 349-word replacement for Clause 4 of Labour's constitution, which commits the party to "common ownership of the means of production, distribution and exchange". Leftwing NEC members fought hard to retain the exist-

ing 275-word clause, drafted in 1918, which is regarded by many traditionalist party mem-bers as a symbol of Labour's socialist commitments.

Yesterday's vote paves the way for final approval at a spe-cial conference of constituency delegates and trade union rep resentatives next month, which is expected to back the new clause by a big majority.

brands and has launched a The clause says Labour seeks a "dynamic economy" in which the "enterprise of the market and the rigours of competition are joined with the forces of partnership and co-operation to produce the wealth the nation needs and the opportunity for all to work transport and bad debts, it said. Larger discounts are and prosper".

It stops short of promising public ownership, committing the party to "a thriving private sector, and high quality public services, where those undertakings essential to the common good are either owned by

the public or accountable to them". Other sections call for a community in which "power, wealth and opportunity are in the hands of the many, not the few;" a "just society" promoting equality of opportunity; an open and accountable democracy; and a healthy environ-

Mr Dennis Skinner, MP for Bolsover, said the revised clause was a "distraction" from the battle against the "divided and weak" Conservative government.

Several trade union members of the NEC abstained because the revised clause fails to give a clear commitment to full employment, which has emerged as an important rallying cry for critics of Mr Blair's campaign to modernise the party.

However, Mr Tom Burlison of the GMB industrial union signalled that the union might support the clause at the special conference. "My personal nmendation would be to recommend acceptance," he

Mr Blair, who drafted the final version at a weekend meeting with Mr John Prescott, deputy leader, said the vote was "a defining moment" in Labour's history, which would "dictate how we intend

to govern' He said the revised clause would give Labour "a constitution which states what we are in terms which cannot be mis-represented by the Tories; a constitution which lays out our principles more clearly than they have ever been stated".

vas the itu-ate-ust

ave the 10-

Editorial Comment, Page 21

lrish framework document last month links with the Tories.

It therefore suited both sides when

the ban last week after the shippers, International Traders Ferries, announced they were bringing into service a new vessel considerably larger than the existing carrier, Northern

The Tunisian-registered Cap Bon is capable of carrying 30 trucks in each load, and animal rights campaigner Sir Roger Sear warned there would be "chaos" if the vessel arrived in Shoreham. Mr Justice Blofeld granted an injunction to ITF forcing the port authority to allow their trade to continue, but said the Cap Bon should be limited to carrying only 10

Card fraud crackdown

reduces bank losses

Plastic card fraud in the UK fell by a quarter last year as retailers stepped up security checks on card payments. The banking indus-try reduced its losses on credit and debit card fraud from £129.8m (\$212.87m) to £96.8m, according to the Association for Payment Clearing Services (Apacs).

Retailers checked around 30 per cent of all transactions last year, after card companies significantly lowered the threshold at which sales must be authorised in April. More than 45 per cent of sales are expected to be authorised this year.

Mr Richard Allen, chief executive of Apacs, said yesterday: "We are understandably pleased with the industry's success in bringing about a sharp reduction in plastic card fraud." Fraud has also been cut thanks to higher security when cards are delivered, according to Apacs, Losses from cards which have been intercepted before delivery fell from £18.2m to £12.6m last year. Richard Wolffe

Health unions to meet over pay claim

Unions representing health workers yesterday met at the Trades Union Congress headquarters in London to discuss tactics in their demands for a 3 per cent pay rise. The pay review body covering nurses recommended a 1 per cent national pay award coupled with up to 2 per cent to be negotiated locally.

The unions and royal colleges representing medical staff say it is unfair because not every hospital can afford the rise - yet they claim all nurses deserve 3 per cent. The government says many health trusts have already agreed tiator, said: "Farm incomes have gone up by to pay the extra locally determined money and most nurses will get the award in full. Lisa Wood, Employment Staff

Former leading Tory labour costs have risen by just 2 per cent. Euro-MP dies

Sir James Scott-Hopkins, a former Tory minis-ter, a leading MEP and the longest-serving British politician in the European arena, has sents the employers on the Agricultural Wages Board, agreed a 4.9 per cent pay rise for farm workers last year. A spokesman said farmers would not be inclined to award another large died in London after a long illness, his agent rise, as some sectors, notably the pig industry. reported yesterday. He was 73.

His associations with Europe dated back to 1960 on his appointment as a member of the Council of Europe. He was one of the 15 members of the European Parliament appointed in 1973 by Edward Heath, then Prime Minister. when the United Kingdom joined the Community. The following year he was made deputy leader of the Conservative group and in 1976 became a vice-president of the Parliament. He was leader of the European Democratic (Condent Loans Company has been dismissed fol-lowing an investigation into allegations of servative) Group from 1979 to 1982. PA News

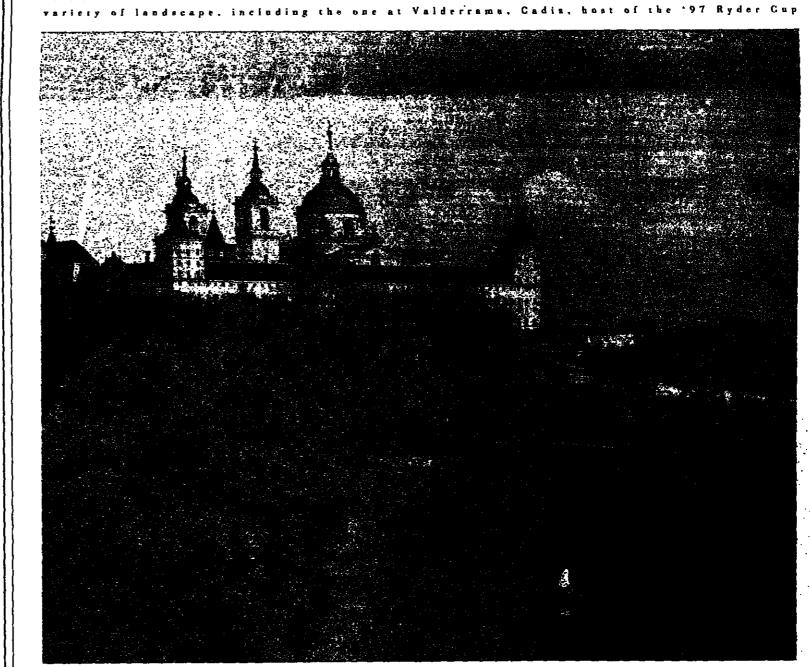
Scots tourism plan: The bonny banks of Loch Lomond and the Trossachs are to have nearly 23m spent on them over the next three years. the Government announced today.

A new committee is to be set up by local councils to manage the loch area, which in recent years has been the scene of conflicts between powerboat and jet ski enthusiasts and visitors following more peaceful pursuits.

Clegg case set for review: Prison authorities in Northern Ireland have agreed to review the life sentence on paratrooper Lee Clegg because of "exceptional mitigating" factors in the case. Pte Clegg, 26, is serving his sentence at Wakefield Prison, West Yorkshire, after the House of Lords rejected his appeal against conviction for the murder of Karen Reilly, who died when troops opened fire on a joyriders car in west Beliast five years ago.

Pte Clegg was told yesterday that his case would be considered by the Northern Ireland Life Sentence Review Board at its meeting in

La Horreria Golf Club, El Escorial, Madrid. There are around 260 courses in Spain set in a



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monastery in Spain. Other courses settle for the roar of the surf behind the green. Or a mountain range or two to help line up your tee shot. With so many to choose from, you'd be hard pushed to find an unscenic course. And playing all year round with the sun on your back, the only time you'll feel below par is when you look at the scorecard.

lt's possible to play golf in a



Change at Sheraton franchises

S Kirk Kinsell has joined ITT Sheraton, from Holiday Inn chise, for 200 ITT Sheraton properties in North America. ITT intends to seek a New York Stock Exchange listing for its franchise operation.

Ira Siegel, president of Reed Reference Publishing, chief executive of Lexis-Nexis, Reed Elsevier's recently acquired electronic database. Nigel Stapleton, Reed Elsevier's chief financial officer, becomes chairman of the Lexis-Nexis executive board. He replaces Bruggink becomes chairman of the exec-utive board of Elsevier and cochairman of Reed Elsevier when Pierre Vinken retires

next month Pierre Lamy, an economic and financial consultant, a vice chairman of Domtar, the Canadian forest products group, and chairman of the executive committee.

■ Jacques Boubal has replaced David Suddens as chairman of DMC, the French textile group. Lars Ohlsson-Leijon, executive vice president of Saab-Scania, executive vice president and head of finance of the Scania Group. ■ David Higgins has replaced

John Morschel as chief executive of Lend Lease, the Australian financial services firm. ■ John Keogh, who joined Crédit Lyonnais last September, has resigned as head of the group's capital markets

division. Robert S Thomason, a former managing director of Quaker Oats in the UK, chief financial officer of Quaker Oats. He replaces Terry G Westbrook, 48, who has resigned. Barbara Allen, 42. vice president corporate planning, succeeds Thomason as executive vice president, international food products. ■ Jacques Nouvel, 55, has replaced Guy Berard as London representative of the Paris

Bourse. ■ Paavo Ojanpaa, 51. commercial director of Schauman Wood, part of Finland's Kymmene Corporation, takes over as Schauman Wood's chief executive at the end of the year when Risto Lahteenmaki, 63. retires,

■ Peter Oakley, 42, who has been responsible for BASF's North American agricultural

business, head of BASF's crop protection division. He replaces Klaus Deichner who becomes head of information

systems division. Akira Irie, a managing director of Lehman Brothers (Japan), has joined BZW as nead of investment hanking in

■ Eli Lilly and Company has named three new directors: Alfred G Gilman, a Nobel prize winning doctor, Franklyn G Prendergast of the Mayo Clinic, and Kathi P Seifert, group president for Kimberly-Clark's North American consumer products.

■ Gerald Hines, the Texas property developer, has recruited Olivier de Dampierre, a former managing director of Bouygues real estate, as director-general of Hines Holdings

■ Keith Rattie, 41, who has spent 18 years with Chevron. has joined Coastal Corporation's Coastal Gas Services as a senior vice president with responsibility for international gas project development. ■ Ron Stanley, 47, senior vice

president and general manager of Royal Bank of Canada's European operations. Stanley, an American who has been responsible for Royal Bank's large corporate and govern-ment clients in Canada. replaces David Pritchard. 50, who has joined the UK's TSB. ■ Anne T Kavanagh has replaced James O'Donnell as head of NatWest's North American equity division, NatWest Securities. O'Donnell has been appointed chief executive of HSBC Securities in New York. ■ Peter Gelb, who joined Sony Music in 1993 from Columbia Artists Management, president of Sony Classical, the worldwide record label. Jean-Hugues Allard, head of international marketing at Erato Records,

ists and repertoire and international marketing. ■ C Randy Ellington, 43, who joined Bowater Incorporated in 1987, divisional vice president newsprint sales.

joins Sony Classical in Ham-

burg as an executive vice presi-

dent with responsibility for art-

International appointments

Please fax announcements of new appointments and retirements to -44 171 873 3926, marked for International People. Set fax to 'fine'.

t the beginning of March, Lord Mackay, the Lord Chancellor, agreed to exclude defamation actions from a bill to facilitate civil actions by foreigners in the English courts. The bill would allow them to sue for an act which amounts to a civil wrong, or tort, under their own laws. At present foreigners are precluded from suing in the English courts unless the act also amounts to

a tort under English law. Peers feared that if the new law were extended to libel actions it would pose a threat to freedom of expression in Britain. They warned that a foreigner unhappy with com-ments published in Britain would be able to use a more draconian foreign libel law against the British media.

The change has been welcomed. But in expressing fears about the imposition of foreign libel laws in Britain, some lawyers believe the peers have been guilty of glossing over defects in British libel laws.

An indication of the American regard for the UK regime came in January when a district court in Washington DC refused to enforce an English libel judgment against a US citizen on public policy and constitutional grounds.

The case between Mr Vladimir Matusevitch and Mr Vladimir Telnikoff had its origins in an article by Mr Telnikoff in The Daily Telegraph in 1984 in which he was critical of the recruitment policy of the BBC's Russian Service.

Mr Matusevitch criticised in a letter to the editor what he regarded as the article's racialist views". The dispute went to trial in 1988 and after a series of appeals ended up in the Lords in 1992, where the law lords ruled that Mr Matusevitch's comments were not fair comment and a new trial should be held. The appeal court had ruled

in Mr Matusevitch's favour on

the grounds that there was no evidence of malice on his part sufficient to defeat the defence of fair comment. The law lords agreed there was no evidence of malice on Mr Matusevitch's part but said nevertheless that in deciding whether his letter was fact or comment the trial judge should have considered the letter by itself, and not in the context of Mr Telnikoff's article. They also said that the question of whether Mr Matusevitch's letter was a statement of fact or merely comment was a matter for the jury. not the trial judge.



Boundaries mapped

Robert Rice on the validity of foreign laws abroad

The new trial was held in March 1992. The judge instructed the jury that under English libel laws Mr Matusevitch's letter was presumed to be false, that he bore the burden of proving otherwise, and that if he failed to prove that, be was strictly liable for what he had written regardless of whether he believed it to be true or not. The jury found in Mr Telnikoff's favour and

awarded £240,000 in damages. In March 1993 Mr Matusevitch received a letter at his home in Maryland demanding payment of the judgment. He applied to the US district court for the judgment order to be set aside on the basis he had been denied rights of privilege and immunity under the US First and Fourteenth Amendments, which protect freedom of speech. The district court ruled that before a foreign judgment can be enforced in

the US, it must be recognised

by the state in which the plaintiff is seeking to enforce The court said that on two occasions US courts had failed to recognise English libel judgments on public policy grounds. It also said that English libel standards were repugnant to the public policies of Maryland and the US and refused to recognise the

indement. In the UK the defendant has to prove that allegedly defama-

tory statements are true and the plaintiff is not required to prove malice. Because the law presumes defamatory words are false, a defendant could be held liable for statements which he or she believed to be true and which were published

without negligence. However, in the US, it is for the plaintiff to prove the statements were false and the courts will look at the defendant's state of mind and intentions. Because of this, said the court, to recognise and enforce the English judgment would deprive Mr Matusevitch of his constitutional rights.

urthermore the US courts look at the context in which the statements were made. In this case the English judgment was based on instructions to the jury to ignore context. The court said, however, that if Mr Matusevitch's statements were read in context, a reader would be aware that the statements were opinion and not an asser-

The US has long provided constitutional protection to those who criticise public officials by providing that they must prove malice to recover damages for defamatory remarks relating to their official conduct. This was extended in 1967 to cover a person not usually in the public eye who nevertheless enters a

particular public controversy and thus becomes a "public figure" for a limited range of

Mr Telnikoff had described himself as a prominent activist for human rights in the former Soviet Union and was therefore a limited public figure on that issue, the court said. That entitled Mr Matusevitch to all the constitutional safeguards concerning speech used against public figures.

British lawyers believe the Telnikoff case leaves English libel law very isolated. Mr Braithwaite warns that if English law stands out from the rest it will be a magnet for litigation from abroad and the risk of conflicts with other iurisdictions refusing to recognise or enforce English libel judgments can only increase.

Two recent decisions by the Australian High Court have introduced a "public official" defence similar to the US defence into Australian law. Mr Braithwaite says: "In an ideal world (the UK) parliament would legislate to introduce such a defence. But it is so manifestly against their interests to legislate to encourage media scruting of their conduct that it seems judicial legislation is the only way forward."

England still needs its libel law. Mr Braithwaite says, but with some constituent parts from other countries.

Competition decision stayed



betore European Court on the interpretation **EUROPEAN** of competition rules applying court to liner conferences and the practice of intermodal tariffing, the Court of First Instance last week partly

suspended the operation of a Commission decision. The decision was suspended insofar as it prohibited the relevant shipping lines from jointly exercising rate-making authority in respect of inland sections within the Community of through-intermodal

transport services. The case concerned the Transatlantic Agreement. under which certain liner shipping operators provided transatlantic international liner services for the carriage of container cargo.

The TAA contained rules on establishing freight rates, on services contracts under which customers undertook to ship a minimum quantity over a given period in exchange for a lower than normal rate, and on a capacity management programme designed to limit the supply of transport in order to stabilise the market.

The freight rates covered by the TAA related to maritime transport and to through-intermodal transport; the latter covered the transport of goods across both sea and land to or from a point inland.

The agreement was notified to the Commission in August 1992 for exemption from EC competition rules. In October 1994, the Commission decided TAA provisions relating to price-fixing and capacity management infringed the EC competition rules, that no exemption from it be granted, that the unlawful practices be terminated, and that the shipping lines refrain from any agreement or concerted practice with a similar object or effect. Finally, the lines were

required to inform customers with whom they had concluded service agreements that they were entitled to renegotiate the terms of those contracts or to terminate them forthwith. The shipping lines brought an action before the CFI for

annulment of the Commission decision and by separate application, sought suspension of the decision insofar as it pre-cluded them from exercising joint rate-making authority on the inland sections within the Community of through-inter-

modal transport services. For interim measures to be granted, applicants have to show urgency and a prima facie case for suspension. As to prima facie case, the Court found that at least some of the arguments put forward by the lines appeared to be relevant and not entirely ungrounded. As to urgency, it was neces-

sary to demonstrate a risk of serious and irreparable damage. The Court found that the Commission decision, if applied, would have the immediate effect of preventing the shipping lines from pursuing the practice of jointly fixing through-intermodal rates which had been current in

Europe since the early 1970s. The lines argued the interruption of this practice would lead to a general collapse of maritime transport rates. The Court found a drop in prices in that sector could have a big effect on the level of rates charged which in turn could affect the regularity of maritime transport.

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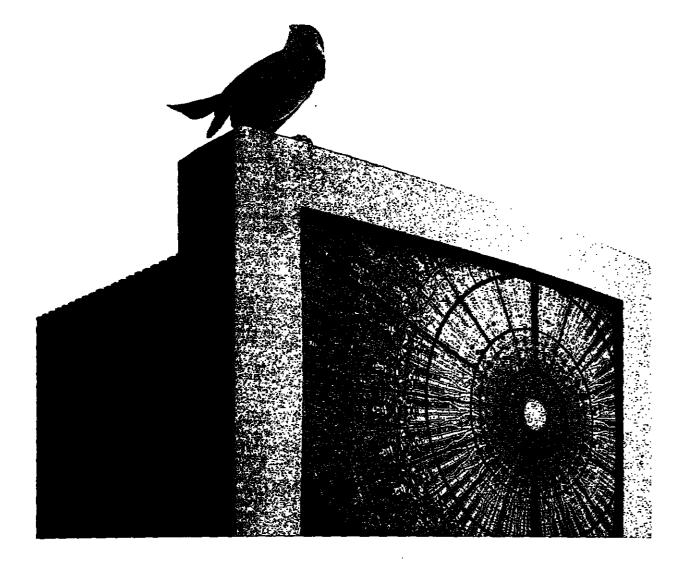
It also found there was a danger some carriers could disappear from the market. Such effects, the Court held, implied big changes to the framework in which shipping lines operated which might be difficult to reverse if the main annul-

ment action succeeded. As the immediate application of the Commission decision risked irreparable damage to the shipping lines and compromising the stability of the market, the Court said the balance of interests required that the operation of the Commission decision be suspended insofar as it prohibited the lines from jointly exercising rate-making authority in respect of inland segments in the Community of through-intermodal transport services.

T-395/94 R: Atlantic container Line AB and Others v Commission: Order of the President, CFI, March 10 1995.

BRICK COURT CHAMBERS

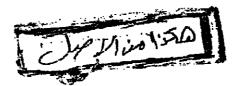
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MANAGEMENT

Easdaq gets a step closer

Enthusiasm grows for a European Nasdaq, reports Richard Gourlay

Tenture capitalists and securities dealers meet in Geneva tomorrow to take Europe a step closer to opening a version of the Nasdaq market, which has successfully raised capital in the US for dynamic

young companies. It is the first time the European Association of Securities Dealers (EASD) has met since it was formed late last year with the aim of setting up the Easdaq market at the start of 1996.

The enthusiasm for Easdaq among dealers and private equity investors is undiminished, despite the launch of an Alternative Investment Market by the London Stock Exchange last month and noises from Paris that the French bourse is planning something similar. Yet the association is discovering the devil in the detail. running into a number of mainly regulatory obstacles that could reduce Easday's chances of

The rationale for trying to establish a pan-European stock market for dynamic young companies is well rehearsed. A steady stream of mainly technology-based European companies is crossing the Atlantic to seek a Nasdaq listing. Some estimates suggest as many as 100 companies are talking to US brokers about Nasdaq listings. This flight depletes Europe's ndigenous technology base and its ability to create jobs because many of the companies raising capital relocate to the US, according to the European

From an investor's point of view, creating a more active market in young company shares than now exists in Europe would provide an easier way to realise their investments in private companies. Professional investors argue a better established exit route would encourage them to be more enthusiastic about investing in budding companies in the first

The main problem for Rasdaq revolves around whether companies floating on the exchange would have full "listed" status or would simply be "accepted for trading" or "quoted". Under EU law, a

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company can only be officially listed in a member state if it has a three-year trading record. Many of the young companies seeking capital would not have that record.

There is a deeper problem with listing. The Investment Services Directive, which comes into effect in 1996, gives brokers authorised in one market a "passport" to operate in all other countries. It will also provide a passport to the Easdag exchange – once approved in the Netherlands, for example, it will be a recognised market

throughout the Community. Yet the new rules mean that acceptance to a list in one country would not confer "listed" status throughout the Community.

Regulators are worried that there would be confusion about which body had the competence to oversee a market with multiple official lists.

A simpler option would be for Rasdaq companies merely to be "quoted". Companies seeking a quotation would produce a prospectus for approval by a regulatory authority in one member state - the Commission des Operations de Bourse in France or the Securities and Investment Board in the UK, for example - and brokers could then market the company throughout Europe with the passport provided under the Prospectus Directive.

But in the past, institutional investors have tended to limit their investment in unlisted companies or not invest at all. If these institutions stayed away because Easdag companies were only "quoted", Easdaq would lose a valuable source of liquidity. The problem is not

omitable for Easdaq. One option is to have a split market. One section would have commanies listed in a limited number of countries and another part of the market would provide opanies access to a quot

Whatever solution the EASD concocts will be subjected to an early market test. Fundraising for the first tranche of the Ecu10m (£7.9m) equity needed to get Rasdaq off the ground is likely to begin in earnest soon after this week's meeting in Geneva.

TECHNOLOGY

he common reaction on being told you have to wait is to think of taking your custom elsewhere. And ye last summer when the receptionis at a California restaurant told us that our table would not be ready for 30 minutes our party spent the time arguing about who would carry a vibrator in their pocket.

Until 10 years ago the restaurant industry lought shy of technological innovation. Outside the kitchen it was considered a low-skill industry where it was easier to hire, train and fire than invest in hardware or

This began to change with elec-tronic hand-held order pads. These transmit the order directly from the waiter to the kitchen by radio signal. Linked to a computerised billing system they control the food and beverage inventory and print the bills. Walk into the dining room of even somewhere as elegant as the Ritz, Piccadilly, and there is such a system, albeit one hidden from the diners by a marble casing.
It is therefore ironic that a simple

piece of technology designed to tell waiters that their customers' food was ready for collection has not only swept through the American restaurant industry and is currently being introduced into the leisure divisions of the big British brewers but is also proving effective in maximising staff efficiency and shortening queues in American car dealer ships, grocery stores, hospitals and even places of worship.

In the mid-1980s Dave Miller was running a busy restaurant on a waterfront in Florida. "On a Sunday we'd take \$40,000 [£24,400]. On Monday I'd play golf with my friends and they'd tell me how bad the service was." Miller turned to Ron Hal-liburton, inventor of the automatic dollar bill changer, for assistance.

Six weeks later Halliburton came up with a prototype, using a games cartridge and the motor casing from a child's car. Plugged into the mains, operating on a low band radio frequency similar to an automatic garage door opener or a baby listener and with large, grease-proof buttons, this pager sent a radio signal from the kitchen to a pad attached to the waiter which started to vibrate when the food was ready. Waiters could spend the rest of the time looking after diners and Miller immediately saw an increase in customers' average bills.

In 1988 Miller raised \$500,000 to form JTech in Pompano Beach and took a stand at the National Restaurateurs Convention in Chicago, which brought in \$70,000 worth of sales. Last year sales topped \$8m and will reach \$15m in 1995 with more than 35,000 waiter paging systems installed in the US from Marriott Hotels to Hard Rock Cafes. Having started in a 1,100 sq ft fac-tory, JTech will later this year

Nicholas Lander on the latest electronic gadget to make waiting in restaurants less of an ordeal

Pager on the menu



The hand-held order pad notifies waiters when customers' orders are ready

move into a new 40,000 sq ft factory. JTech's appeal was its use of cheap, durable technology - a system for a 60-seater restaurant costs \$750 - and its simplicity. It might have stayed appreciated but unknown behind the swing door but

to patron paging. The receptionist would hand a pad to a customer and ask him to wait in the bar or anywhere within a quarter of a mile radius (this can easily be boosted with antennae such as those in use at Disneyworld or by using JTech's

More unusual orders have come from an animal clinic where every announcement over the tannoy set the dogs barking

for the decision of one restaurateur to take the system out of his kitchen and into the reception.

Here the problem was too many customers and their reluctance to wait for a table. Now the paging system changed from waiter paging new model designed for hotel room Intrigued and charmed by the fact

that their conversation was not interrupted by a loud tannoy sys-tem but merely by a gentle vibrat-ing noise in their pockets, custom-

ers happily waited for a table. And they quickly began to think of how they could use these pagers, no big-ger than a cigarette packet, in their own businesses to page staff or customers and consequently reduce noise pollution, a big concern in the

Pagers now contact staff in large

car dealerships, invariably in resi-dential locations, or nursing staff in hospitals. In Wal-Mart, one of Amer-ica's biggest retailers, pagers are handed out to those waiting for a prescription or a film to be devel-oped so that instead of waiting in a queue they can carry on shopping. More unusual orders have come from an animal clinic in Chicago where every announcement over the tannoy set the dogs barking, from the Red Cross in Phoenix which now organises its blood donor visits to offices without disrupting their working day, and from a group of 200 churches. These run crèches during the service and distribute pagers to parents in case they need to be summoned to an unhappy child. The extra attendance and increased contributions

the cost. During a visit to the US last year Adam Fowle, managing director of Bass Leisure Entertainments, was handed a pager; for the past two months JTech's pagers have been in use at Bass's Hollywood Bowl in Taunton, Somerset. Here, in addition to its more normal applications, pagers are used to summon the "lane patrollers" who deliver food and drink to the bowlers.

to the collection plate have covered

Bill Fawcett, Bass project manager, is convinced of their potential for the UK leisure industry, particularly given their low cost, and will introduce them next month into the Washington Bowl, Durham, where they will be handed to those waiting for a bowling lane. Fawcett's main concern remains that the pagers will not be handed back. This has so far proved unfounded. with only one going missing in Taunton. JTech acknowledges this in its pricing, charging \$49 for a replacement pager instead of the normal \$89. Miller attributes the success of

his company to the creation and application of a highly flexible, lowtech product to an industry that would not even consider it if it were more sophisticated and more expensive. "We know that in the market place for silent pagers we're up against a giant in Motorola. But in this battle we like to think of our-selves as the Vietcong. Every so often we put our heads above the parapet and pick off a niche market. We've got 97 per cent of the patron pager market and 95 per cent of the waiter pager market in America." And, he adds in a real all-American vein: "As a company we're real, real

Diesel finds a rival

Danish company has developed a replacement L Lor diesel fuel with very low soot and nitrogen oxide emission levels.

Haldor Topsoe, which specialises in catalyst engineering, says the fuel would be ideal for use in heavily polluted cities such as Mexico City or Bangkok. It can be produced from natural gas, coal or biomass.

called dimethylether. DME is produced by dehydration of methanol for use as a propellant in spray cans. Topsoe, however, has developed a technique suitable for mass production of DME from natural gas. Topsoe claims that a DME-

driven diesel vehicle would have no problem meeting the strin-gent standards for soot particle and NOx emissions which will be introduced in California in 1998. No diesel engine using conventional fuel has been able to meet these standards. But DME would not reduce carbon dioxide emissions.

Topsoe's own results have been confirmed by Navistar, the US diesel engine manufacturer, and AVL, the Austrian vehicle research institute which specialises in testing diesel motors. Neither the conversion of existing diesel motors to work with DME nor transport of DME

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pose problems, says Finn Joen-sen, a product leader at Topsoe. Conversion of existing engines to function with DME is a simple process. Transport would take place in pressure tanks using existing technology for gas transportation. But utilisa-tion of DME requires large-scale production in plants producing 5,000-10,000 tonnes a day and costing \$400-\$700m to build. Even on this scale, the company estimates that DME would cost 10 to 20 per cent more than normal diesel fuel.

The production process developed by Topsoe uses steam reforming of natural gas, followed by conversion from the reformed gas into DME over a proprietary catalyst. Topsoe has notched up 12,000 hours of production in pilot plant

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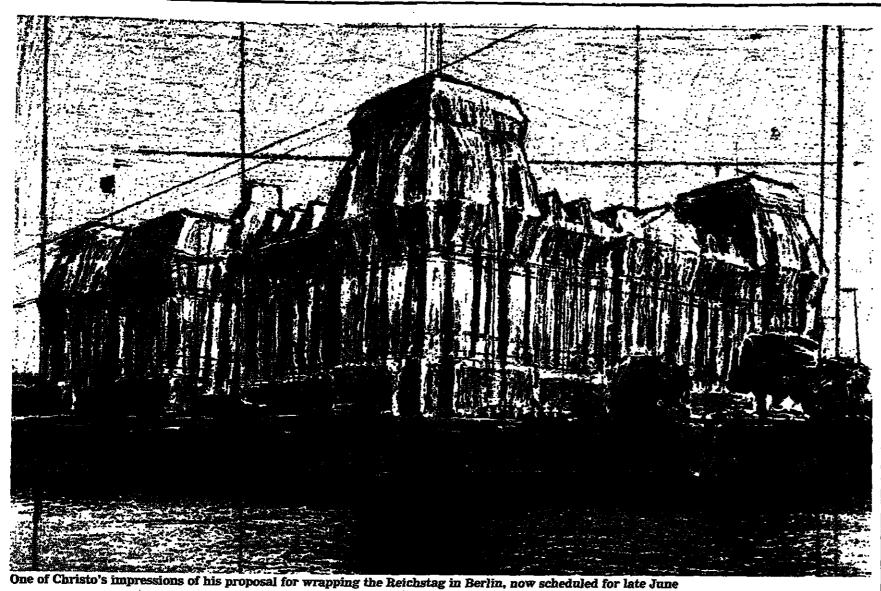
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The art of wrapping up

William Packer discusses conceptualist Christo's latest projects

onceptual art, in which the form is secondary to the informing idea, may seem affectedly abstruse to many people. A more generally acceptable variation upon that theme, perhaps, is that of the working drawing or proposal for a physical project as yet unrealised. It is in this sense that sculptors and architects, unsuccessful ones especially, are conceptual artists all the

Christo, the Bulgarian-born sculptor, working with his French wife Jeanne-Claude, clearly has the happy knack of persuading civic and political authorities to join him in bringing even the most grandiose of his schemes about. Those who remember his Running Pence of 1976, for example, 18 feet high and nearly 25 miles long through southern California, or his wrapping up of the Pont Neul in Paris rears ago, will know what i

His proposal to wrap up the Reichstag was first mooted in 1972, when the Berlin Wall was as sure as, well, Barings Bank, so he is nothing if not persistent. Lately the German parliament debated its parmission, and now the project is at last to go ahead, with the grand unveiling - which is not the word I want the tying of the bow, perhaps - scheduled for late June. The working model is impressive, but

n spite of several tours to this side of

the Atlantic, the Ottawa-based National Arts Centre Orchestra

. (NACO) has not entered our musical

consciousness to the same extent as fellow

Canadian bands like the Montreal and

Toronto Symphonies. At the Barbican on

Sunday, the last stop of a gruelling Euro-

pean tour that opened in Vienna in mid-

February, it drew a modest audience: the

middle-of-the-road programme was doubt-

less to blame, though the orchestra's

unglamorous title - derived from its home

in the Canadian capital - hardly helps to

Programming is limited by the group's 46-piece chamber orchestra makeup. But

under its current artistic director and

principal conductor Trevor Pinnock - a

attract attention.

the large working drawings are the more already there. Two such projects are as yet dynamic, giving the truer sense of scale and something of the energy and ambition of the undertaking. Having seen the Pont Neuf as a parcel, one has every confidence that the Reichstag will serve, if anything, even more spectacularly.

We are well used to seeing famous build-

ings screened in the course of cleaning or restoration. But there is a difference between such partial and purposeful occasions and the true Christo, the whole purpose of which is to wrap up, simplify and obscure. For the parcel is a magical, mysterious device, that can fire at once the infant imagination, and the most sophisticated. What is inside, with all those lumps and bumps? And even if we know full well, we can hardly wait to see again.

It is the old paradox of celebrating by taking away, of becoming more aware of the reality by hiding it, if only for a see the Reichstag when it is wrapped up, its physical, objective presence will be unimaginably the more palpable when the wraps come off.

But wrapping is not the only way. As with the Running Fence all those years ago, a temporary physical intervention or interruption in the landscape may serve just as well to sharpen our particular awareness and experience of what is

unconfirmed. One is for an avenue of rectangular yellow gates or arches, 15 feet high with yellow sheets billowing from the crossbars, that would thread its endless way through the trees and spaces of Cen-

The other is for an extended canopy of canvas sheets strung across the narrow valley of a youthful river - the drawings offer a number of rivers in western America as possibilities. The effect would be neither to impede nor obscure the stream, for the canopy would be high enough and broken, but rather to articulate and objectify its course as it hurries down. We shall

enny Okun from California is an artist whose medium until now has been photography, and whose work still remains founded in photointerest is in architectural detail, and in particular the interior structures of roofs, windows and surface reflections to

be found in modern high-tech buildings. Her formal interest, however, is rather less direct, for she then repeatedly overlays this primary material, building it up into a spatial image of almost Piranesian complexity, yet unspecific and abstracted. But there is nothing of that master's

doom-laden theatricality, her images ever as cool and elegant in conception as in

She continues in part to work directly with the photographic print, but latterly she has also been developing her imagery in both graphic and sculptural terms. She takes the photographic image and reduces it to simple linear structure, drawn directly upon the wall. She reduces it to flat tone and colour, which abstracted image is then realised as a computer-generated print, using the latest Iris water jet print technology. Simplest of all, she takes an element of the linear image as silhouette for multiple sculpture, cut from inchthick plastic, to which she adds colour and further selective detail.

The sense is of an accomplished artist at a critical transitional moment in her career, responding creatively to new formal and technical opportunities. The interprint, particularly in relation to this new iris technology, with its extraordinary refinement of effect, is intriguing.

Christo & Jeanne-Claude: three works in progress, Annely Juda Fine Art, 23 Dering Street W1, until April 29. Jenny Okun: Architectonics; Rebecca Hossack Gallery Fitzrovia, 35 Windmill Street W1, until

Concert/John Allison

Ottawa's bright orchestra

canny appointment surely made in expec-tation of profile-raising recordings - the NACO is expanding its repertory in a con-

temporary direction. Pinnock, best known in his native Britain as a harpsichordist and "period" conductor, has turned vigorous promoter of new music. The highlight of Sunday's concert was the first London performance of Vertige by the 38-year-old Canadian Linda Bouchard, the orchestra's composerin-residence. Commissioned for this year's tour, Vertige is a six-minute piece of raw

latter-day Sibelian way. The orchestra's bright, almost hard sound - strings clearly articulated though not very distinctive in tone - is as one might expect of modern instruments under a "period" conductor. Ensemble suggests a close-knit group of musicians accustomed to playing together, though their unanimity was tried by Pinnock's hard-pushed account of Beethoven's Symphony No. 8 at the beginning of the evening. There was little "dash" about the

finale, which under pressure turned fre-netic - no doubt the orchestra was suffering fatigue after three weeks on the road.

Hakan Hardenberger's stream of melting tone in the Haydn Trumpet Concerto raised spirits considerably, and inspired stylish accompaniment from conductor and orchestra. In Mendelssohn's "Scottish" Symphony, these northerners found the measure of the sombre, brooding passages best; but after treading heavily in the earlier movements - and driven, perhaps, by the prospect of a well-deserved rest - they made a sprightly gallop for the

Presented with the assistance of the Government of Canada and the Canadian High Commission, London.

Dance/Clement Crisp

Mark Baldwin

with the Rambert troupe in its earlier incarnation, has in recent years turned to choreography, to excellent effect. I might add that in earliest Rambert times, Dame Marie would have been goading, squeezing dances out of him just as soon as he showed the least interest in making movement - and perhaps even before that.

Well, the wait has been worth-while. From his first slight creations a few seasons ago, Baldwin has shown that he is a true choreographer - unlike so many of those graceless optimists who come before us with meagre technique and rampant pretentions, he has craft, imagination, wit, and a sense of formal structure. Baldwin worked with several serious

creators in his Rambert years. What he offers, though, is not earnest reminders of other men's steps, but something happily fresh and personal. And, rarest of joys in today's choreographic world, he feels no need to give us messages about life, despair, disease, or the dreadful plight of

the oppressed.

Baldwin, with that fugitive from the Royal Ballet Jonathan Burrows, makes dance whose originality and very artistic existence owes much to a serious theatrical experience, and in this lies the strength of both their visions of what they wish their dance to be. Like Burrows, Baldwin is forging his own language, and like Burrows - whom he in no other way resembles - he knows what he wants to do.

There are two clear characteristics in what he creates, and they shone like the best of deeds in his brief season at The Place last week. He has a dry, sly wit shown in the structure of his work as in its manner - and he is intensely musical. Not for him a Mickey-Mousing step-fornote obedience. Rather does he find pleasure (and perhaps some amusement) in running counter to a score's surface while yet respecting its essential form and

So, in his Samples, which is set to the Ravel Introduction and Allegro, the music's opening serenities are confronted by wild activity for four dancers. Yet we soon notice that musical phrasing is matched by dance phrase, that the shape and pulse of the score has conditioned what the dancers do. It is a surprising,

ark Baldwin, a fine dancer and surprisingly happy realisation of the

These same qualities were apparent in two other pieces, set to Bartók's Out of Doors and a Handel concerto grosso. Baldwin's imagination matches, comments on – even makes jokes about – his music. (He is, in this, like Paul Taylor and Mark Morris, and like them he has musical taste far above the common run of his contemporaries). Movement can be unexpected. Baldwin sets his dancers curling, falling, leaping, following a gesture to unexpected conclusions, riding on and with the score in a symbiotic relationship. Faced with the mysteries of Bartók's night music, he creates a world of nocturnal mystery quite as beautiful as that in the piano-writing. In Homage, a cunning piece played in silence and, I'd venture, made as a tribute to Richard Alston, Baldwin creates phrasing as musical and feat as if there were an audible score.

The extra distinction of Baldwin's work is his use of fine dancers - including himself. (He sometimes appears as a quizzical master of ceremonies, not a little entertained by what is going on.) In this Place season he presents two extraordi-nary talents, Lynne Bristow and Paul Old, together with the admirable Deborah Saxton and Shelley Baker. The lovely Miss Bristow moves like an angel. In her Royal Ballet days she was a classicist's treasure by reason of her clarity and purity of style. In modern work - she has danced in most of Jonathan Burrows' pieces - dance pours through her in long, marvellously shaped phrases. Everything she does is fascinating, beautiful.

Paul Old, a superb dancer with Rambert, has similar distinction: his dancing is rich in its variety of pulse, harmonious. In a solo in Homage, and in Concerto quirks and shifts of activity, from mad tremblings to long swirls and swathes of energy), Old moves with splendid authority. But everything in the evening enhances the dancers, shows them at their best – another sign of good choreogm. Ter

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ere

Baldwin's dances have clear roots in his own performance past — Cunningham and Alston are points of reference - but they are unmistakeably Baldwin's, because sophisticated in means, and unmistakahly

Theatre/Sarah Hemming

Peace in Our Time

Coward in unusual guises. Following Sean Mathias's provocative decoding of Design For Living, comes this rare sighting of Coward in patriotic mode. And a curious sight it is too. Peace in Our Time, written immediately after the end of the second world might have happened had England been occupied. Of course, we now know that Clive Dunn and company would have given Hitler what for the minute he arrived, but Coward was not privy to such intelligence. Alarmed by the behaviour of some of his acquaintances in occupied France, he set about imagining Ruglish behaviour under Nazi rule. The results (revived by the Touring Partnership for the 50th anniversary of VE Day) is bizarre, revealing and strangely compel-

The first casualty of invasion, it seems, would have been the playwrights' sense of humour. Peace in our Time is by no stretch of the imagination a good play and by Coward's standards it is surprisingly clumsy: the plotting is crude, the dialogue stodgy, the characters are flimsily drawn and it is dotted with sentimental and melodramatic moments. Yet, for all its faults, the play (seen at Richmond Theatre) is fascinating. Even as you listen to the thump of leaden lines hitting the stage, you are completely absorbed, and Wyn Jones's meticulous production draws out all the play's curious power. Fuelled by anger, anxiety and relief, it is very revealing about the deep desire for heroic behaviour and the need for retribution (the only German character gets it in the Coward confines his examination of

British spirit under fire to the regulars of one modest London pub. He chooses a simple cross-section of humanity, then explores how his characters cope with life beneath the Führer. Some carry on as if nothing has happened. A few collude with movement that is to bring liberation. There are some casualties - the daughter of the pub dies for the cause - but in the end, British pride, resilience and decency wins through. All cowards - bar one - are roundly dismissed. It is a long do - by the end you feel

rather as if you have lived through the war yourself - and it is quite strange: you keep trying to match the imagined sequence of events with what really hap-pened. The original 1947 production must have been very odd, but it now has the pull of an extraordinary period piece, combined with a sort of soap opera appeal.

The strength of Wyn Jones's staging is

that it builds on this to make you almost believe the scenario. Every little detail is so authentic that it is quite persuasive, which allows the play's moral thrust to take effect. From a strong cast of 80 it is hard to pluck out individual performances, but Angela Down is spirited as the flery lady writer, Elizabeth Carling is appealing as the brave little minx who lays down her life for her country, and Barry Jackson and Doreen Mantle are touching as the publican and his wife.

Peace in Our Time is touring the country.

INTERNATIONAL

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GALLERIES Amsterdams Historische Tei: (020) Hunger, Winter and Liberation in

Amsterdam: exhibition that marks the changes in Amsterdam during the last months of WWII and the Liberation: to Sep 3

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OPERA/BALLET Deutsche Oper Tel: (030) 341 9249 Magic Flute: by Mozart. Conducted by Lawrence Foster/ Sebastian Lang-Lessing/Stefan Soltesz and produced by Günter Krämer, 7pm; Mar 15 Martha oder Der Markt zu Richmond: by Friedrich von

Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 14, 16 Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle". choreographed by Maurice Bejart;

• The Girl of the Golden West by

Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune; 7pm; Mar 19

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violinist Tasmin Little to play Dvořák, Janáček and Martinu; 7.30pm; Mar Festival Hall Tel: (0171) 928 8800 Cologne Radio Symphony Orchestra: with planist Lars Vogt. Hans Vonk conducts Beethoven and Bruckner; 7.30pm; Mar 20

 Philharmonia Orchestra: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 14 The Bach Choir: with the City of London Sinfonla and conductor Sir David Willcocks plays Kodály. Szymanowski and Janáček; 7.30pm;

Queen Elizabeth Hall Tel: (0171) 928 8800

 Deutsche Kammerphilharmonie: Mikhail Pletney conducts Haydn and Mozart, 7.45pm; Mar 18, 19

London Sinfonietta: Sir Simon Rattle conducts Poulenc's "Les Mameils de Tirésias" and Boulez's

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choreographed by Manus Petipa

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A Royal Ballet production

and produced by Peter Wright; 7.30pm; Mar 17 Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 15, 18 Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 14

Vaudeville Tel: (0171) 836 9987 Killer Joe: by Tracy Letts, directed by Wilson Milam; 8pm; to Apr 1 (Not Sun)

■ LOS ANGELES CONCERTS

Dorothy Chandler Pavilion Los Angeles Philharmonic: with pianist Christian Zacharias. Lawrence Foster conducts Mendelssohn; 8pm; Mar 17, 18, 19 (2.30pm) GALLERIES

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Labéque. Jesús López-Cobos conducts Wagner and Bruckner; 8pm: Mar 20 Kiri Te Kanawa: and pianist

James Levine perform their only New York recital of the season: 3pm: Mar 19 Yuri Bashmet: debut at this

venue for the violinist recently named *Instrumentalist of the Year* at the 1994 International Classical Music Awards. He is joined by pianist Mikhail Muntian to play Marais and Shostakovich; 8pm; Mar OPERA/BALLET

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 Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 15, 18 La Bohéme: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore, 8pm; Mar 14, 18 (1.30pm)

 La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 17, 20 Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco; 8pm; Mar 16 THEATRE Roundabout Theatre Company Tel:

(212) 869 8400 The School for Husbands/ The Imaginary Cuckold: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8pm; to Mar 17 (Not Mon)

■ PARIS

CONCERTS Champs Elysées Tel: (1) 49 52 50

 Samuel Ramey: bass and pianist Warren Jones open the Sony Classical Series; 8.30pm; Mar 18

 The Royal Chapel Vocal College of Ghent: with soprano Sibylla Rubens and tenor Christoph Prégardien. Philipe Herreweghe conducts Bach; 8.30pm; Mar 19 GALLERIES Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27 André Derain: 350 works

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choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production;7.30pm; Mar 17, 18 The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël; 7.30pm; Mar 16, 20

■ WASHINGTON CONCERTS Kennedy Center Tel: (202) 467

 Stuttgart Chamber Orchestra: Dennis Russel Davies conducts Mozart, Schnittke, Britten and

Boccherini; 7.30pm; Mar 20 GALL FRIES National Gallery Tel: (202) 737 4215 Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the cathedrals of Florence, Pavia and St. Peter's: to Mar 19

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OPERA/BALLET

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The more crude forms of propaganda practised by the Soviet media are now a fading memory. But as a new Russian order comes into being, another battle for control of the airwaves is under way.

Furious competition for quick financial rewards is evident in a wide range of business sectors. But the contest over broadcasting, highlighted this month by the murder of a popular television star, is unique because of the way in which commerce and politics have become intertwined.

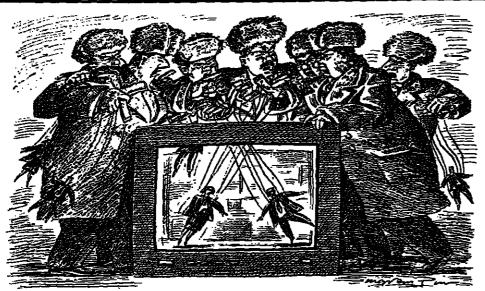
On the one hand, the citizens of the new Russia are a consumer market to be wooed. The rising trend in television advertising expenditure expected to top \$700m (£442.6m) this year, compared with \$250m in 1993 - is enough to what the appetites of Russia's new capitalists and some brave investors in the west.

At the same time, the Russians form an electorate to be persuaded: and the battle for voters' hearts is intensifying after last month's confirmation that parliamentary and presi-dential elections will be held over the next 18 months. Many believe that access to the airwaves will be important in influencing the outcome of these polls.

The new battle for the Russian airwaves is illustrated by the disputes that have engulfed two of the three nationwide television channels: Ostankino - the broadcasting service of the former Soviet Union, and the newcomer NTV, the only fully private channel.

The disputes first emerged at NTV. which is controlled by Mr Vladimir Gusinsky, head of the Most banking group. He has become the bete noire of the clique of security police officers close to Mr Boris Yelt-

sin, the Russian president, Mr Gusinsky believes that one of the main reasons for this enmity is NTV's graphic reporting of the war in Chechnya. With popular feeling against the war stirred by such reporting, the government issued official warnings at the height of the Chechen conflict that NTV's broadcasting licence might be withdrawn. These threats were never implemented, but political



Masters pull strings

Chrystia Freeland, Bruce Clark and Raymond Snoddy on the new battle for Russian airwaves

pressure on Mr Gusinsky -now in informal exile in the west because he fears arrest in Russia - is felt at the NTV studios, where criticism of the Kremlin has moderated over the past few weeks.

However, Mr Yeltsin decided last month to ban the advertising of tobacco and alcohol products on television. This was a painful financial blow for NTV, the only station that does not receive state subsidies and a reminder of its dependence on political goodwill.

The NTV controversy has recently been eclipsed by the struggle over Ostankino. The murder earlier this month of Mr Vladislav Listyev, the managing director, has been blamed on the controversial reorganisation of the channel which began last autumn.

The reform began with a presidential decree on November 30 which provided for the transformation of Ostankino from a wholly owned state corporation into a joint stock company - the Public Russian Television Company - with a 51 per cent government

The remaining shares in the company, which will come into existence next month, have been distributed among Russian companies with close ties to the government, including the Menatep and Stolichnyi banks, Aeroflot, the airline, and Avtovaz, the car manufac-

As part of the reorganisa-

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tion. Ostankino's management last month decreed a temporary ban on all commercial advertising. This was a move to stop the diversion of hun-dreds of millions of dollars in advertising revenues into shadowy companies with virtually no benefit to the channel itself. This ban was widely assumed to have been the motive for the killing of Mr Listyev, the new general director who supported

t is clear that there were sound business reasons for moves to reorganise the channel. But some Russian observers believe that there was also a hidden political agenda. The decision to ban commercial advertising, for example, has made the station completely dependent on the government's largesse - convenient in the run-up to the elec-

And the list of companies which have been granted a stake in Ostankino has added to the impression that the government is tightening control over the airwaves while appearing to surrender it. The new shareholders, while formally privatised, belong to the circle of "court" businesses with close ties to Mr Yeltsin's

administration. The need to get away from heavy-handed political influence has prompted one Russian television personality to seek foreign financing for a new TV channel with nation-

wide ambitions, Ms Bella Kurkova, head of Russian state television's St Petersburg division, is trying to raise capital for what she hopes will be a new private nationwide chan-

nel, TV3. By looking to foreign investors - whose agenda would be strictly financial - she hopes to avoid what she calls "party money and stolen money which would come at a politi-

Her investment adviser is Lord Chandos, a partner in Botts & Co, the London-based boutique merchant bank. He says there is a "number of conversations in train with investors on both sides of the Atlantic" about a project whose total capital requirements are by western standards quite modest ~ about \$40m.

Ms Kurkova, a former pro-Yeltsin parliamentarian, believes she can further isolate herself from political pressures by concentrating more on entertainment than news. But she could still be vulnerable to such pressures in the event of fresh political upheaval.

She claims that her new channel's five-year broadcasting licence is on solid enough legal ground to hold good even in the event of a change of guard at the top. But given the way politics and broadcasting are intertwined, it is a claim that potential western investors - and her colleagues in the Russian media - will be examining cautiously.

Europa: Marqués de Tamarón

Tensions to the south



The Maghreh countries are

Mediterranean. Most Spaniards do not often think about it. which is perhaps natural considering Spain's persistent crisis in domestic politics. Even those few who do reflect on North Africa's troubles believe we are witnessing not a fundamental opposition between two cultures, or between the haves and the have nots, but a conjunction of misunderstandings

a south-north

view is comforting - but it is also wrong. The tension between Europe and the lands to the south seems to fit with worrying neatness the theory of Arnold Toynbee, the English historian, about declining civilisations and their peripheries. Applied to the late Roman empire, this theory postulated a dual struggle of a rich and sceptical civilisation that had lost faith in itself against two enemies: an external proletariat (the barbarians) and an internal prole tariat (the ill-assimilated and morally wronged foreign popu-

which can be cleared up with

good will on both sides. Such a

lations within the empire). The two proletariats, often of the same cultural origins, no longer admired or wished to copy Rome, which had humiliated them. As a result, they simultaneously despised Roman values and coveted Roman wealth: an explosive mixture of contempt and envy. The parallels in today's world are clear. But it should be added that Toynbee, far from being a forerunner of nationalists such as Jean-Marie Le Pen, had more sympathy for the

barbarians than for Rome. In Spain, we should be able to see the dangers still more vividly than in France or Italy.

The Strait of Gibraltar is less

than 10 miles wide. Across it. Spain has two enclaves in Morocco, Ceuta and Melilla.

roughly 10 times poorer than southern Europe in terms of gross domestic product per capita, and their birth rates are three times as high. The population of North Africa may double in three decades, preventing significant improvements in standards of living.

Yet despite their geographical proximity, Spain has tended to worry less than France or Italy about an extension into Europe of Moslem fundamentalism. After all, for economic and historical reasons, Spain has only tens of

thousands of resident immigrants from North Africa. while the Italians have hundreds of thousands and the French mil-Is the rela-

tive insouciance of the

Spanish justified? From time to time Spanish foreign policy specialists consider their country's growing dependence on Algerian natural gas or the lack of logistic means to evacuate Spanish residents in North Africa should the need arise. Well-informed people know the problems are there; but there is a reluctance to talk too much about them, on the grounds that airing these fears could bring about their realisa-

What should be the appropriate response to the risks on Europe's southern borders? European countries with large immigrant populations of course should be more generous in efforts to integrate these communities as harmoniously as possible: a policy that may require tough controls on new immigration. Spanish policy-

makers also believe that a great deal of good will come out of efforts by Spain. France. Italy and others to shift southwards the EU's political and economic attention.

Many hopes are placed on the Euro-Mediterranean Conference due to be held in November in Barcelona during the Spanish EU presidency. A dozen ministers from North African and Middle Eastern countries will meet their EU counterparts to explore the possibilities of a new partner ship. The aim is to include political and security matters as well as social, cultural and economic questions.

The EU should come up with

clear and plausible policies In its relations on aid investwith its southern ment and protectionism. The neighbours, European Com-Spain must hope mission, prodded by Spain. for the best wants grants but be prepared for the 12 coun-

tries in the for the worst region to be doubled to a total Ecu5.5bn (\$7.2bn) between 1995 and 1999. It also wants the European Investment Bank to

match these loans with another Ecu5.5bn. The UK, the Netherlands and Germany will probably persuade the Council of Ministers to reduce both sums. But even such funds were forthcoming, the possibility remains that no measures likely to be taken by the EU would make a vast difference. Private-sector European investment in countries such as Morocco is already quite high, but it is not adequate to generate sufficient jobs to absorb the large number of young people entering

the labour market. On the more important matter of reducing European protectionism for North African goods, "trade, not aid" is unlikely to be electorally popu-

lar. During tough economic times. North Africa is likely to end up getting neither.

All these ideas must be fol-lowed up. But what if, in spite of everything, a belligerent fundamentalism sweeps across North Africa? Europe would not have the military and logistic means to react, even if it

had the political will to do so.

Spain's defence policy offers sadly exemplary case of Europe's lack of forethought. Spain does not have an efficient anti-missile system, but half of Spain, including Mad-rid, would lie within range of a Scud-C missile that could theoretically be stationed in Oran in Algeria. Half of Italy could be reached from Tunisia: and half of Greece could be attacked from Libya. Scud missiles are not accurate, but - in the worst of all possible cases - a dose of anthrax germs dispensed by this means would not need to be accurately targeted to be devastating.

Spain spends less on defence (1.2 per cent of gross domestic product) than any other Nato country except Luxembourg Under a 1991 agreement between the socialist government and the conservative opposition, the ratio was to reach 2 per cent of GDP before the end of the century. In fact, Spain is moving in the opposite direction. In view of political and budgetary pressures, it will be difficult to meet the commitment, even with a

change of government. In its relations with its southern neighbours, Spain must hope for the best but be prepared for the worst. An adequate and consistent defence policy would provide Spain with the capability of facing up to a test that we hope will never happen.

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The author is director of Instituto de Cuestiones Internacionales y Política Exterior, a Spanish foreign affairs institute

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine').

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Privatisation no panacea in E Europe

From Mr Jon Stern. Sir, Martin Wolf and Chrystia Freeland assert in their thoughtful article, "The long day's journey to market" (March 7), that the core of the reform in central and eastern Europe is in creating the conditions for the growth of the market-oriented private sector. They go on to argue that privatisation per se is not enough ("no panacea") but that more

attention should be given to creating the conditions for new small enterprises to develop and less given to privatising the large state-owned enterprises. I would agree.

The key issue in this context is much more problematic else-

is the problem of corporate governance. Countries of central and eastern Europe have found it difficult to develop proper and effective systems by which owners of enterprises can carry out their responsibilities for monitoring and directing the performance of enterprise managers. This applies to privatised companies as well as

state-owned enterprises. The Czech Republic has gone furthest in this area, but there are still many questions about how well the new investment funds and the banks are carrying out their corporate gover-

Europe. Indeed, it has been argued that much of the "spontaneous privatisation" in other post-communist countries (and the voucher privatisation in Russia) has been designed so as to maximise the power of and minimise the influence of outside shareholders.

Corporate governance is a very difficult issue which causes difficulties in many countries. In central and eastern Europe, the problems are acute not least because of the underdevelopment of banking systems, financial intermediaries, capital markets, pension

where in central and east | funds etc. For small ownermanaged companies there is no conflict of interest between managers and owners - but these conflicts will arise once some of the thriving new companies become successful medium and large companies. Europe, privatisation is not a panacea. To have its intended effects, it must be accompanied by an economic infrastructure that can enforce adequate corporate governance.

National Economic Research Associates. 15 Stratford Place,

UK forever in winter

From Dr D A A Fogandini. Sir, Re "Currency Tempests" (March 11), it may well be that exchange rate instability is like the weather but in these parts we have seasons and it is sometimes summer, sometimes winter. How come that it has been always winter for sterling and summer for the D-Mark and the Swiss franc?

There is no shortage of weather data: in May 1979, when Mrs Margaret Thatcher first entered No 10, the cross rate with Swiss Franc stood at 3.5933. On March 11 it is recorded as 1.869, not quite a 50 per cent devaluation.

And, as the cold weather intensifies, you tell us we must live with it? Will any one of your contributors tell us instead why this should be so and where it will end? There has to be something fundamentally wrong with the way we run our economy and it has to be something that few want to talk about. Folk don't care much for such matters and are unaware of how the value of their income has steadily depreciated over the decades. They could be mightly annoyed when they find out what successive governments have done to the prospects of their children.

Structural failure is now all around us; compared to the heady days of Harold Macso good". Britain's decline rela-tive to the more successful economies becomes more obvi-ous every year. Sterling as a reserve currency is remembered only by historians. Is it not time to pose a few hard questions to those who

would govern us after the next general election? How do John Major or Tony Blair propose to bring summer back to Britain? D A A Fagandini, 6 Alleyn Park, Dukoich, London SE21 8AE, UK

Strict limits for a social clause

From Mr Michel Hansenne. Sir, In your otherwise excel-lent article on labour standards and trade, there were one or two misunderstandings I must clear up ("WTO urged to stress labour standards", March 9). I have not written to the World Trade Organisation and have no reason to do so. The issue is being discussed where it should be - in the International Labour Organisation. If and when agreement

can be reached on the principle

of a "social clause" and on its contents, then a link with the WTO could be envisaged. I have suggested such a clause should be strictly lim-

ited to the basic ILO conventions on freedom of association and other human rights, and must not include, for instance, minimum wages or working conditions. The points covered should be incorporated in a formal agreement, perhaps under WTO/ILO auspices, so as to assuage developing countries

fears that the initial limited scope might later be extended. As the article rightly points out, i see an international agreement in this areas as compatible with trade liberalisation and, indeed, as one means of defusing potential protectionist sentiments. Michel Hansenne, director general, International Labour Office,

Euro parliament must temper the power of top civil servants

From Mr John Szemerey. Sir, You have done Britain and British politicians a service by reminding them that the real decision-makers of the European Union are the unelected national civil servants sitting in the Council of Minis-ters' Committee of Permanent Representatives (Coreper) ("The men who run Europe"

March 11).

Not only does Coreper take
90 per cent of the EU's decisions but its members - top national civil servants - in fact "run" their country's ministers when they come to attend meetings of the Council of Min-

They brief ministers, who often know nothing of the sub-jects to be discussed before they get on an aircraft or train to take them to Brussels, and they tell them what are the issues at stake and how they should vote.

In the present EU decisionmaking system, where specialist national ministers (of agriculture, education, transport, energy, trade, etc.) go to Brussels every few weeks to every few months to take vital decisions affecting their citizens. many ministers do not have time to read the heavy detailed reports setting out problems, issues and implications.

And they certainly do not see their decisions as part of a vast European jigsaw, where deals can be made, with compromise on one portfolio being the price of a victory on

Ministers are principally concerned with their domestic portfolios. So they follow the advice of their senior civil servants (Coreper et al), who have often worked out in advance what the council should decide.
This is all the more reason

for increasing the powers of the European parliament, the EU's only democratically elected body that has the time and ability to control the Euro-pean Union's policies and activities. The 1996 inter-governmental conference should be used to give the parliament teeth, so it can function effectively on behalf of all the EU's

citizens. John Szemerey, 76 Marnixlaan B-3090 Overijse,

A question of proper usage

4 route des Morillons,

CH 1211 Geneva 22,

Switzerland

From Michael Goldman. Sir, Is it too late to rescue the phrase "beg the question" from misuse? It is often used nowadays to mean "raise the question" (eg in "Setback for a revolution", by Jurek Martin, March 4) whereas its true meaning is to assume what is to be proved. Collins English Dictionary states that it also means to evade the issue.

The phrase is a translation of the Latin petitio principii, a term in logic meaning the assumption in an argument of what has yet to be proved: for example, to discuss how to measure schoolgirls' intellec-tual superiority over that of schoolboys begs the question of whether it is in fact supe-

Of course language has to change but my protest is not mere pedantry for this is a case where a piece of language is being lost for no perceptible gain since the phrase "raise the question" is perfectly ade-quate for what is mis-described as begging the question. Michael Goldman. 1 Lyndale Close,

London SE3 7RG, TIK



Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Tuesday March 14 1995

Camdessus' Russian gamble

Mr Michel Camdessus, the not bailed out yet again. By then, managing director of the international Monetary Fund, has thrown his considerable weight behind the economic stabilisation programme painfully negotiated with the Russian government. He has given it a personal "vote of confi-dence", and will argue in favour of releasing the promised \$6.5hn standby credit when the IMF board considers it in the very near future. This is a gamble, but one that should be taken.

It was clear, when the IMF first became involved in the Russian reform effort, that any decision to support the process would be as much political as economic. The capacity of the Russian government to deliver on its promises of stabilisation has proved to be most uncertain. Sometimes it has been undermined by the stubborn resistance of the Russian parliament, sometimes by the vacilla-tion of President Boris Yeltsin himself. Both have been subjected to the lobbying of the bankrupt, but still powerful, farms and factories of the old state system.

It is really anybody's guess whether that process will undermine this latest effort to haul the Russian economy out of its downward spiral, or whether the vital personal commitment of Mr Yeltsin - given to Mr Camdessus will be enough to save it. The test will come around July, when the farms will come begging for another round of soft credits, and the factories will be hammering at the Kremlin's gates, threatening mass unemployment if they are secure Russian reform.

the December elections for the Russian parliament will be looming ominously near, and the 1996 presidential election will be just 12 months off. The pressure to capitulate will be huge.

Nevertheless, the IMF team has done its best to ensure that the programme stays on course this time. For a start, the money will only be paid out in monthly tranches, to the considerable chagrin of the Russians. Tough restraint on the budget deficit, and a consistent anti-inflationary policy will be regularly monitored. Mr Yeltsin's recent decree on budget discipline - requiring approval from the president, parliament and government for any departure from spending targets - should also help. His parallel decree, scrapping existing export privileges, should do much to curb corruption in that vital area, if it is implemented. But realists will remain sceptical until they see it put into practice.

However confident Mr Camssus may sound, IMF backing for this programme is a gamble. Yet the alternative, of refusing support, would be worse. The programme will be thoroughly unpopular. It may ensure that Mr Yeltsin is not re-elected. But failure to stabilise the economy is, even so, far more likely to bring dangerous forces to power. Mr Camdessus has made the right choice. At worst, the IMF will lose bility. At best, its decision will

New realism

The statement of aims and values approved yesterday by Labour's National Executive now seems certain to replace Clause 4 of the party's constitution. Instead of its historic commitment to common ownership, Mr Tony Blair has produced a set of principles designed to fix Labour in the mainstream of left-of-centre European politics. He is to be congratulated.

The party leadership long ago abandoned the central vision of Clause 4: a socialist utopia in which the state appropriated and then redistributed the fruits of economic growth. The reluctance, abandon formally a credo framed during the Bolshevik revolution symbolised an emotional attachment to the politics of the past.

Mr Blair was right to decide that his party had to confront this contradiction if it was to convince the electorate that it had embraced the market economy. The disarray within the Conservative party had persuaded some of his colleagues they should wait simply until the voters turned out the government. But Labour should not win power by default. To be competent in government it must have a clear idea of the principles, and the con-straints, under which it would

The vigour with which Mr Blair has pressed this case has been a testament to a determined leadership style. His success in marginalising the opponents of change, particularly among trade union leaders, has provided him also with some of the freedom of action he will need when it comes to turning high principle into realis-

tic policy.
The defining idea of the alternative Clause 4 is individuals can prosper only "by the strength of our common endeavour". Some will find inspiring the ideal of a society in which power, wealth and opportunity are "in the hands of the many not the few". Others will see in such aspirations an idealistic, and unattainable, dream Most will welcome the commitments to Europe and to a more accountable democracy. From Mr Blair's perspective.

however, the important point is longer presumes a set of policies which would lead, automatically, to the self-destruction of a Labour government. The commitment to public ownership is cautiously framed. It is placed firmly in the context of a thriving private sector and respect for the enterprise of the market and for the rigour of competition. His decision to disavow the words "full employment while preserving the senti-ment behind them is another example of the new realism.

The statement is significant because it changes the terms of the political debate in the UK. It defines Labour as a party with a set of basic values rather than as a class-based organisation obsessed with an outmoded concept of ownership. It favours the individual over the collective. The voters, justifiably, will want to make their judgment on the basis of a much more detailed policy prospectus. But Mr Blair has set off in the right direction.

Mr Kinnock's test

The European Commission will today seek from the Council of Ministers authority to negotiate on behalf of EU members all bilateral deals on airline traffic with the US. The decision poses an important test for Mr Neil Kinnock in his role as transport commissioner - and a much bigger one for EU airline policy.

The Commission has brought the matter to a head because it is irked by US moves to sign "open skies" agreements with nine small European countries, six of them EU members. Brussels fears that Washington has embarked on a strategy of dividing the EU's members, so as to undermine its policy cohesion from within.

Mr Kinnock has written to the EU governments concerned, threatening court action if they continue to negotiate or sign deals with the US. He says the agreements proposed by the US are illegal, because they do not embody provisions required by the EU's regulations and could conflict with its competition rules. So far, the governments appear to have ignored his threat, and the dispute may ultimately have to be

resolved in the courts. This relatively narrow dispute has acquired larger political dimensions because the Commission is trying to use it to further its claims for "sole competence" in negotiating transatlantic airline agreements. It insists that EU members can extract reciprocal concessions in bargaining with the US only by presenting a authority than today's Council united front. It points out that EU decision.

trade policy already applies that principle to many other sectors. Why, Brussels asks, should airlines be an exception?

There is a logic to the argument. But it contains a substantial flaw. There is a functioning internal market in most products and services covered by the EU's common commercial policy. That is not yet true of airlines. Though the EU has agreed a liberalisation blueprint, it will take several years to implement. It is still unclear that it goes far enough to achieve free The European airline market

remains deeply fragmented by national champion policies. reflected in widespread state ownership of flag carriers. These policies have not only prevented industry rationalisation across borders. They continue severely to distort competition, by encouraging state subsidies of loss-making airlines, at the expense of efficient and profitable rivals - a practice that Brussels has so far proven mable to curb.

In these circumstances there is a risk that a common external policy would serve as a pretext for protectionism. Achieving open skies within its borders must be the EU's first priority. Mr Kinnock will have a golden opportunity to show he means business soon, when he decides on Spain's plan to pump Ptal30bn (\$1bn) of state aid into Iberia, its state airline. How he handles that proposal will be a far more important test of his

or the time being, Mr Pierre Suard stays on as chairman of Alcatel-Alsthom, even though he can now take no part in managing France's third-largest industrial group and the world's largest supplier of telecommunica-

That was what the establishment figures on the Alcatel board decided yesterday, after the Alcatel chief was barred on Friday from managing the industrial empire he has built up over the past nine years. Mr Suard is under investigation for in a case involving alleged overbill-ing of France Telecom and for using corporate money for private gain.

But they may have rallied round Mr Suard as much in anger at the way Mr Jean-Marle D'Huy, the judge, has chosen to investigate the Alcatel chief - and out of respect for Mr Suard's indignant protesta-tion of innocence - as for any conviction that he is likely to return to the group.

For there is a group instinct for survival at work here – among French business leaders who have found themselves the target of judicial investigations for various forms of alleged financial impropriety.

The Alcatel board includes some

these business leaders, such as Mr Guy Dejouany, president of Compagnie Générale des Eaux, and Mr Marc Viénot, president of the Société Générale bank. The former has had to cope with allegations that his utility group bribed some local politicians to obtain public contracts, while the latter has had an alleged infraction of company law hanging over his head. Even those captains of industry

and finance who have not so far assertive judiciary are finding themselves affected by the worsening image of French business at home and abroad. They are facing growing pressure for boardroom reform, including stronger corporate governance measures.

The latest move against Mr Suard is "a serious blow to the man and the company", says Mr Claude Bébéar, president of the Axa insurance group. Alcatel executives conceded yesterday that their chairman's problems will now hurt the exports, just as last year it helped halve the group's share price. Ericsson, the Swedish telecommunications group, yesterday denied Alcatel's thinly veiled accusations that it was trying to muddy the French company's name in foreign markets.

A senior corporate lawyer suggested the damage to French exports, at a near-record FFr87bn (£10.89bn) surplus last year, would be wider still. "Our international competitors will certainly use these affairs linvolving Alcatel and other French companies] against us," she

Elite searches for safety in numbers

The bonds between French business and the state are weakening, say David Buchan and John Ridding

we would probably do the same against them.

French business has not rushed publicly to the defence of Mr Suard in the way that it expressed outrage at the detention last May of Mr Didier Pineau-Valenciennes, the president of the Schneider electrical group. When he was detained for nearly two weeks in a Belgian jail while being investigated for alleged fraud in two of Schneider's Belgian subsidiaries, they thought it easy to brand Belgium a banana republic

Now, business leaders cannot be so sure. They have seen French magistrates tar their reputation further by a steady stream of judicial allegations and take draconian action against politicians. A former minister, Mr Alain Carignon, has been held in a Lyons jail since last October on charges of corruption.

There is little help from the politicians. The country is now in the throes of a presidential election, in which no candidate dare he seen to he covering up for crooked busi-

This is even - or perhaps espe-cially - true of Mr Edouard Balladur. He has sought to make a virtue out of the resignation of three of his ministers over corruption charges by pointing out that his government has been prepared to let justice take its course.

While he was still riding high in the polls, Mr Balladur expressed concern about defendants' rights being hurt by magistrates leaking to the press and holding so many people in custody. Mr Carignon is, for instance, one of 24,076 people held in prison pending trial out of a total French prison population of 54.622. A month ago, Mr Balladur called for such detention to be reserved for those accused of violent crimes. Now, however, there is silence

from Mr Balladur, as from other candidates, on the Suard affair. The prime minister has another reason to keep mute. As minister of finance, he appointed Mr Suard in 1986 to head Compagnie Générale d'Electricité, which became Alcatel after its privatisation a year later. He was also an employee of the group before 1966 and after 1968. Indeed one of the minor reasons for



Faces of France: (clockwise from top left) Edouard Balladur, presidential candidate; Jean Peyrelevade of Crédit Lyonnais; Alain Carignon, former minister, and Pierre Suard, who remains chairman of Alcatel-Alsthom

his recent plunge in the polls was his reluctance - now remedied - to reveal the amount of money he quite legally made in selling his stock options in GSI, an Alcatel computer subsidiary, on becoming prime minister. Mr Suard's links to Mr Balladur

and his friendship with Mr Jacques

tial candidate, appeared to give Alcatel an advantage in exploiting opportunities in France's public sector. Mr Suard hoped to win a stake for the group in Framatome, the state-owned nuclear reactor maker. and France Télécom. Not only has

Chirac, the other Gaullist presiden-

group's relationship with the telecoms operator has been worsened by the allegations that Alcatel has been overcharging the latter.

Indeed, the most significant result of the Suard affair may be to create a fundamental change in French industrial policy by ending the cosy relationship between the country's telecoms operator and its main sup-plier. An Alcatel executive said yesterday: "France Telecom is taking advantage of our current weakness to do what they have to do ahead of 1998," when the liberalisation of the European telecoms market will force operators to cut costs on everything, including equipment.

Hitherto, France Télecom has bought most of its equipment on three-year contracts from Alcatel and a small portion from MET, a joint venture between Matra of France and Ericsson. A France Télécom official yesterday confirmed that the utility is now "pushing prices down" for Alcatel. Its previous three-year purchasing contract having expired last year, France Télécom is now considering putting its future needs out to international

uch a move would alleviate the impression of an unreformed French public sector which is likely to be reinforced by the imminent government bail-out of Credit Lyonnais. The state-owned bank is returning this month for an even larger injection of state aid and guarantees for bad loans than the more than FFr20bn it got last year. This prospect led Mr Vienot of Société Générale – who happens to sit on the Alcatel board with Mr Jean Peyrelevade, president of Crédit Lyonnais - to complain that the planned bail-out created "an unacceptable distortion of competi-

Whether Mr Viénot will carry his criticism so far as to lodge a formal complaint with the European Commission's regulators of state aid is unclear. But the pressure of the Crédit Lyonnais fiasco, the France Télécom-Alcatel tension and the various corporate scandals is leading to a slow crumbling of the elite's traditional solidarity. In spite of the dramas, the weak-

ening of this interlocking oligarchy will be evolutionary, not revolutionary. Reform of corporate governance to give boards more control over the all-powerful "presidentdirecteur-général" is only gradually penetrating French business. A new president and government may well be in a stronger position to rein in the business investigations of France's headstrong magistrates.

But a return to a bridled judiciary and to the old bonds between business and state is not on the cards. Mr Suard's ordeals are not the end

Opinions on pay spark company reaction



board-level employ-ment law in the UK, I have represented numerous public companies and their PERSONAL executives in negoti-

VIEW ating employment nackages and termination settle-It is clear to me that the cam-

paign to revolutionise the structure of executive remuneration now has unstoppable momentum. What is perhaps surprising is that

the companies under attack in the present furore over executive pay appear to be unable to marshal a public relations campaign to match that of their detractors. It is therefore important to appreciate that many companies have already reacted positively to the changed climate of opinion.

First, on basic pay, there is a number of recent examples where incumbent senior executives have accepted reduced remuneration. Last week, Kingfisher, the UK retailer, announced it was cutting the bonuses of Sir Geoffrey Mul-

In 20 years of cahy, its chief executive.

incoming senior executives are accepting less attractive packages than those of their predecessors. In one recent case, a major institution offered a chief executive's package with basic pay at some 25 per cent less than the predecessor's. Ancillary benefits were much more dependent on performance.

Second, it has been recognised by most companies that share option schemes are in need of an overhaul. This is because old-style schemes were risk-free and involved no capital outlay for the beneficiary. As they expire, they are generally not being replaced by similar schemes. Instead, a number of alternatives is springing up.

Some of these give the executive the right to exercise the option only if the company has hit predetermined targets. These might be expressed in terms of earnings per share, increases in the company's share price, or the company's performance against other comparable

Another device is known as the restricted share scheme. Under this awarded to the executive, payable in shares; but ownership of the shares only vests if the executive stays with the company for another three to five years. Such arrangements are ideal as a means of rewarding performance and loyalty. Most large companies are also reviewing the length of senior exec-

The campaign to revolutionise the structure of executive remuneration is now unstoppable

utives' service contracts: two years rather than three will soon have become the norm for the so-called rolling contracts".

Because of the method of calculating damages, this will not have a major impact in reducing payments. However, it remains the objective of some investor institutions to arrive at one year as the norm. If and when this is achieved, it would

departing executives. It is understandable that execu-

tives who are asked to reduce their notice periods often seek something in return, and compromises are being reached. Some companies are agreeing to a fixed damages clause stipulating in advance what the executive would receive in the event of premature termination. In other cases, companies are agreeing to "change of control" provisions providing for fixed damages if the executive elects to leave a company when it is taken over. Remuneration committees should

have reacted earlier and more openly to public disquiet over executive pay when it surfaced in

For one thing, it was insensitive to escalate the basic pay of senior executives when many others were suffering financial pain. For another, the so-called "performance incentives" in many executives contracts were too easily attainable. Finally, because of the difficulty of defining the term "performance" in legal terms, it was enormously

sort of arrangement, a performance have considerable impact on the expensive for companies to remove tected by long notice periods.

However, much progress is now being made. Climbing out of a long recession, British industry needs settled and well incentivised senior management. Shareholders, the media and politicians should take stock of what is being achieved, and think long and hard before countenancing the sort of governmental intervention that has recently been In recent years the UK has

stemmed the tide of top managers eschewing posts in British companies for greener pastures abroad. But this situation could easily

There is a shortage of top managers in the UK. In my view market forces, tempered only by shareholder influence, should dictate

Alasdair Simpson

The author is senior partner of Manches & Co, a London commer

OBSERVER

Balance of trade

■ What next for Ireland's Peter Sutherland, due to step down tomorrow as the acting director-general of the World Trade Organisation? There is always the chance that he might be swayed by a last minute plea to stay on, especially since he has no obvious job to go to.

However, Sutherland is keen to be on his way and the only surprise is that his name has not yet been linked to another high profile job. After all he was being mentioned last year as a compromise candidate for the presidency of the European Commission.

When he stepped down as a European Commissioner in 1988, he was not out of work for long, quickly taking on the chairmanship of Allied Irish Banks and a clutch of blue-chip directorships.

At 48, Sutherland is unlikely to want to retire into obscurity. Then again, there are no obvious openings on the international stage and returning to be chairman of a medium-sized Irish company may not be challenging enough for a man of his stature.

That leaves Irish politics. He is a former Irish attorney general and shares the same politics as Fine Gael, Ireland's ruling party. Perhaps a statesmanlike role could be found for Sutherland helping Ireland prepare for its presidency of

the European Union next year. It coincides with the inter-governmental conference to review the Maastricht treaty, so Sutherland would be in his element.

Cooked goose

■ Is Edouard Balladur, the prime minister rapidly plummeting in the polls as he fights for the French presidency, being forced to eat his words?

On Sunday he noted how "the ganche caviare", France's champagne socialists, had suddenly discovered calf's head - a cutting reference to his currently more buoyant rival Jacques Chirac's penchant for traditional rural

So what was on the lunch menu yesterday at the prime minister's office yesterday? Nothing other than tête de reau. Looks as if the chef has spoilt his chances of transferring to a Balladurian Elysée.

Gut reaction

 One of the minor consequences of the Barings fiasco has been the flowering of a cottage industry in metaphor manufacture, as assorted international bigwigs attempt to convey to mere mortals the essence of what went wrong.

One of the more graphic formulations came last week from Securities and Exchange

Commission chairman Arthur Levitt. He was quoted contending that "the Barings issue . . . is not a derivatives issue - they could have been trading in cabbages". Urgent, Uncovered position. Please deposit two more leaves of finest savov. Yesterday it was the turn of CS

Holding's chairman Rainer Gut, who chose to interpret Barings' demise as a salutary warning. "It's like a man who goes into a bar, has too much to drink and then has a hangover. We have to learn lessons from this." Too bad that the hangover in this case was terminal.

Alchemy rules ■ You thought East Germany and

the Soviet Union were defunct, didn't you? Wrong. The USSR has just taken gold medal, East Germany the bronze, in the 10th correspondence chess Olympiad, iust ended. The Olympiad - which requires

players to make 10 moves each per month and post them to their opponents - took eight years to complete. East Germany achieved its bronze by beating West Germany.

Soviet high jump

■ Talking of the former Soviet Union, freedom is proving a distinctly mixed blessing for its erstwhile sporting heroes. Like their western counterparts, they are

supplement their earnings - with varying degrees of success Serhiy Bubka, the world's greatest pole vaulter, is doing well enough. He is still competing and winning, but is also owner of several stores, runs slot machines and holds an exclusive licence to make official stamps in Donetsk. Ukraine's grimy industrial town. Aleksander Kolchinsky, twice

now turning to business to

gold medallist in wrestling, is faring less well. He has just been sent to prison for seven years for extortion. Still, at least he managed to keep his arm-twisting skills in good shape.

Vote buyer ■ The entrepreneurial spirit

flourishes in the new South Africa. When Lance Dutton, a young Cape Town businessman, read that several thousand blank ballot papers had been found in a warehouse after last year's election, he successfully bid £20,000 for them. He then laminated the papers, which display in colour the 19 contesting parties, their symbols and their leaders.

So successful was the venture in South Africa that he's now selling them in Britain, at £6 a ballot sheet: "I'm offering people the chance of owning the most significant piece of paper in South African history," he Sáys.

Or was that not the form releasing Nelson Mandela from jail?

Financial Times

100 years ago

The Bamboo Cycle Company The inventors of these cycles claim to have succeeded in manufacturing machines which are lighter, cheaper, less liable to damage and easier to clean, and, further, which possess greater "resilient" properties than any yet brought before the public. These important improvements have been attained by the introduction as substitutes for steel in the frames of cycles of bamboo and aluminium, which are two of the strongest and lightest materials known. The remarkable strength of bamboo, having regard to its extreme lightness, is perhaps not generally realised. The lightness gained becomes of even greater importance when applied to the manufacture of tricycles.

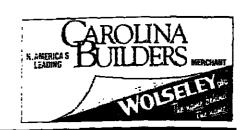
50 years ago

British purchase of tea The Minister of Food, on behalf of the United Nations, has practically completed negotiations for the purchase of the total exportable surplus of tea from India, Ceylon and Rast Africa. "Subject to unforeseen conditions," the minister said, "there should be enough tea available in Britain to maintain the tea ration for a year."



FINANCIAL TIMES

Tuesday March 14 1995



China to resume talks on joining world trade body

By Tony Walker in Beijing and Frances Williams In Geneva

China agreed to resume talks on joining the World Trade Organisation yesterday after the US expressed support for its admis-

The new round of discussions will begin in Geneva next month, Mr Mickey Kantor, US trade representative, said.

China suspended negotiations in December after it failed to satisfy entry requirements. Chinese officials accused the US of making "exorbitant" demands.

However, Sino-US trade relations have improved markedly since agreement late last month on steps to curb copyright abuses and open the Chinese market to US entertainment and information products.

An agreement at the weekend on further steps by China to open markets to US products, including agricultural items, paved the way for Mr Kantor to declare firm support for Beijing's WTO

Mr Kantor called the accord "a roadmap for our work to resolve differences over market access. services, agriculture and China's

China and the US yesterday signed a seven-year satellite launch nent that commits the Chinese commercial space industry to market rules and fair competition, writes Tony Walker. The memorandum limits China to 11 satellite launches for international clients excluding military, government or non-commercial payloads. China also agreed not to undercut rivals with "below-cost pricing, government inducements and unfair business practices". The agreement allows China to sell launch services at prices up to 15 per cent cheaper than market rivals.

The US indicated that it would offer some backing for China's argument that it should be regarded as a developing country in its application to join the WTO. Developing, as opposed to developed, countries attract lenient treatment in their membership bids for the WTO, which came into existence as the successor body to the General Agreement on Tariffs and Trade on

January 1 this year.

Mr Kantor said: "Both countries understand that China could be characterised as developed or developing, depending on the Uruguay Round category.

"This agreement dictates that we move beyond labels and address each issue on a realistic, pragmatic basis." Developingcountry status in the WTO would make China eligible for several years of exemptions from tougher developed-country standards.

Mr Kantor raised the issue of human rights in what he called a "productive and frank exchange" with Jiang Zemin, China's Communist party chief and president. He voiced US disappointment and said China's "failure to make progress [on human rights] will continue to present difficulties".

In Geneva, trade diplomats reacted with caution to the newfound US enthusiasm for early Chinese entry to the WTO, and said they wanted to know more about what had transpired between the US and China in Bei-

There is wide support in principle among WTO members for China to join the world trade hody, but until now they have shared the US view that Beijing was not ready to comply with WTO rules and obligations.

UK regulator bars Barings directors from posts at ING

By Norma Cohen and

Former directors of Barings, the collapsed UK merchant banking group, have been barred temporarily by UK securities regulators from becoming directors of the new Barings businesses created by Dutch bank Internationale Nederlanden Group.

The Securities and Futures Authority has told ING not to appoint former directors of Barings to the boards of two new companies formed to take on Barings' business until the Bank of England has completed its

Mr Christopher Sharples, chairman of the authority – which authorises individuals to conduct securities business - said it would decide after the inquiry whether directors were "fit and

move to new firms to reapply for authorisation. While most such applications are routine, the authority inquires into the circumstances under which an individual left the previous employer. "The directors of any company

that goes into liquidation have got a lot of explaining to do before we allow them to run another company," said Mr Sharples. He said the "onus will be on them" to prove they were fit to do so. Mr Sharples said ING had been "entirely supportive" about the SFA's stance, provided Barings directors were not disbarred from working. It has appointed Barings directors to a "liaison committee" running the new businesses.

Mr Sharples said former directors of Barings plc, and of Barings Securities, its broking arm. would not be allowed to be directors of the ING-held businesses.

lator of Barings Securities in the UK. The directors of Barings plc include Mr Peter Baring, the chairman, and Mr Andrew Tuckey, deputy chairman, as well as Mr John Bolsover, the head of the investment management arm, and Mr Peter Norris, the head of investment banking.

ING approached the SFA when it was negotiating to buy Barings' businesses to ensure there were no obstacles to the purchase. It was told that Barings directors and managers could continue working, but not as directors of any new companies. Mr Nick Leeson, the former Barings trader accused of bringing about the collapse by amassing £860m (\$1.4bn) of losses in derivatives contracts, yesterday

formally refused to consent to

extradition to Singapore at a

court hearing in Frankfurt.

away, would continue as directors of USAir if it was successful in "reaching a timely agreement with organised labour groups".

way said USAir had not been successful in achieving necessary labour cost savings. Therefore, Mr Buffett and Mr

USAir this financial year. These include an increase in BA's passenger flow and cost savings

ferred stock in 1989. However, USAir has made substantial losses over the past five years and last September deferred the

Tapie at odds with judge in bribery hearing

By Andrew Jack in Paris

Mr Bernard Tapie, controversial French businessman, produced a colourful opening performance in court yester day, swapping barbs with the judge as he denied attempting to bribe a football team to throw a vital game.

In a case likely to be the most spectacular of the legal battles facing him, Mr Tapie and five others are accused of attempting to rig a football match and influ-

ence witnesses.
Mr Tapie, a former socialist
minister of urban affairs who
once controlled Adidas, the German sporting-goods group, was threatened with eviction from the courtroom by Judge Bernard Langlade. Mr Tapie interrupted the reading of the charges against him, answering back to the judge and disrupting testi-

"The search for truth demands that you should not just say any old thing." Mr Taple said after the indictment. When the judge said: "I will not allow myself to be abused by anyone", Mr Tapie replied: "Nor will I".

The trial, in the northern French city of Valenciennes, combines political, business and sports scandals and has generated enormous public interest. It is expected to last about two

If Mr Tapie loses, he faces substantiai fines and a jail sentence of up to three years, which would jeopardise any remaining hopes of a political career. Mr Tapie's leftwing movement, Radical Energy, won 12 per cent of the vote, 13 seats, in last year's French elections to the European parliament.

Mr Taple has combined a taste for high living with a populist image as a champion of the left. He was heralded as a saviour in Marseilles in the 1980s when he salvaged the fortunes of its football team Olympique de Marseille and led it to victory at the European championships. He had hoped to run as mayor of the city in elections due in June.

But Mr Tapie has also been eagerly pursued by his creditors, including the French tax inspectors and Crédit Lyonnais, the loss-making state-controlled bank to which he owes some FFr1,2bn (\$240m).

An appeal court in Paris is due to decide at the end of this month whether a personal bankruptcy order made against Mr Tapie late last year is valid.

The football-rigging scandal was a turning point in Mr Tapie's career. Mr Jacques Glassman, captain of rival football team Valenciennes, accused Mr Jean-Pierre Bernes, general manager of Marseille, of trying to bribe three of his players to lose a match which led to the team's fifth successive French league

THE LEX COLUMN Alcatel on hold

Alcatel has its back to the wall. If allegations of overcharging France Télécom are proved, the company's reputation will be damaged. But even if Alcatel is cleared, its telecoms business faces a challenging future. The cosy relationships between stateowned telephone monopolies and favoured suppliers - which have allowed Alcatel to earn fat margins are breaking down. As the telephone operators face greater competition. they are putting pressure on their suppliers for better deals.

Deutsche Telekom's tougher procurement policies ahead of privatisa-tion have already forced Alcatel's German subsidiary into losses. France Télécom is likely to follow suit, even if it remains publicly owned. Margins in Alcatel's third big European market. Italy, are also under pressure. That should intensify when the state 5

majority stake in Stet is sold. Alcatel is not well structured to respond to this changing environment. Its deeply entrenched local subsidiaries may have been necessary to win contracts in the old days, but they involve duplication of effort which inflates the group's costs. Alcatel has belatedly started to streamline its structure. But investors will be worried if the chasm at the top leads it to take its eye off the ball. Mr Pierre Suard, the chairman, may have received a vote of confidence from his fellow directors yesterday. But unless the ban on his involvement in the business is revoked quickly, his coileagues will need to review their decision to keep him on board.

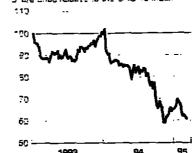
Rand

South Africa's government of national unity took a courageous step in deciding to scrap the financial rand for foreign investors. Its courage was trebly rewarded yesterday when bonds, the new currency and equities all closed higher on the day. This reaction was in marked contrast to the fearful consensus among analysts that the abolition of the finrand would trigger outflows of foreign capital.

At the very least, it was thought, foreign investors would require higher yields on bonds and equities to compensate for the elimination of the finrand as a cheap way into South Afri-can assets. But the modest strengthening of markets yesterday showed international investors' confidence in the country's economic management is high enough for that premium to be discarded for now. Their

Alcatel Aisthom

Share cabe relative to the CAC 40 Index



Source: Datastream

confidence is based in part on expectations that tomorrow's budget will show further signs of fiscal prudence. The smooth transition to the new currency regime bodes well, but hardly guarantees an easy ride for markets in future. Political risks remain enormous and greater liquidity for the new rand means that foreign investors can more easily repatriate assets at the faintest sign of trouble. Furthermore, a bigger test for the currency has yet to come: residents of South Africa are still subject to currency controls. If and when these are eased, residents are unlikely to show the same faith in the country and its currency as foreign investors.

Cariplo

The restructuring of Italy's archaic banking system gathers pace. The decision by Cariplo's owners to sell a large tranche follows a similar announcement last week by the majority shareholders of Istituto San Paolo di Torino. The disposals are partly inspired by the government: it wants such charitable foundations to reduce their dependency on the banks. The newly-linerated banks can then underwrite and distribute the industrial privatisations needed by Italy to alleviate its budget deficit.

But the banks themselves are also keen to gain their freedom, not least because they could raise capital at the same time. Cariplo wants to form an alliance to counterbalance the huge might of Mediobanca and its allies Banca di Roma. Credito Italiano, and Banca Commerciale Italiana. One way for Cariplo to cement its grouping would be to use additional capital to

increase its stake in IMI, or even exchange shareholdings with Monte dei Paschi and San Paolo.

However, if Cariplo's owners want the share sale and offering to be more successful than last year's abortive flotation, they will need to demonstrate less greed. At that time, the founda tion blamed market conditions for the flotation's failure. But the sale was really doomed by the excessively high price being asked. Investors, who have watched their shares in IMI and San Paolo consistently trade below the issue price will prove understandably cautious about Cariplo's sale this time round. The pricing will need to reflect their concern.

Northern Electric

Northern Electric's refusal to let shareholders consider Trafalgar House's £9.50-a-share bid smacks of arrogance. The electricity company is within its rights not to consent to Trafalgar's second, lower bid. However, the circumstances surrounding Trafalgar's attack are exceptional. Since the electricity regulator announced an industry-wide price review last week. Northern's share price has plummetted to £7.38. The gap of more than £2 between the cur-rent price and the second offer is significant enough to merit referring the decision to shareholders.

The claim that Northern's management is in a better position than its shareholders to assess its regulatory prospects is rather hollow. If the company can determine value accurately, despite the regulatory uncertainty, investors will want to know what financial rewards are now on offer. Here, Northern finds itself in an awkward position. It was the package of financial goodies for shareholders, offered in defence of the original Trafalgar House bid, that helped alert the regulator to the excessive financial strength of the regional electricity companies. A revised offer of sweeten-ers before the conclusion of the review would be tactless.

Given the mounting pressure from shareholders, Northern should change its mind. If it does put the bid to shareholders, it should seek a commitment from Trafalgar that its offer would remain on the table whatever the outcome of the price review. One lapsed bid is unfortunate, but two would be worse than careless.

25

Trend the Charles Contains the Land Con-

Market Statistics

See additional comment on UK buses,

Buffett writes down stake in USAir

Continued from Page 1

vice-chairman of Berkshire Hath-Yesterday, Berkshire Hatha-

Munger would not stand for re-

BA indicated yesterday it was too soon to say that talks with the unions had failed. Sir Colin Marshall, BA's chairman, said last month that the outcome of these negotiations would determine whether BA took a write-

USAir said the write-down did not affect it and that talks with unions were continuing. It said cost-cutting measures worth \$500m had been made recently. BA said it expected benefits of

from sharing facilities with USAir.

Berkshire Hathaway bought \$358m of USAir's convertible prequarterly interest payment due

Lucas was up 3 at 186p after the company said it is entering into talks with America's Electronic Data Systems Systems LAST WEEK THE LUCAS SHARE PRICE WENT UP BY 2%. NO-ONE KNOWS WHO WAS RESPONSIBLE.

Europe today

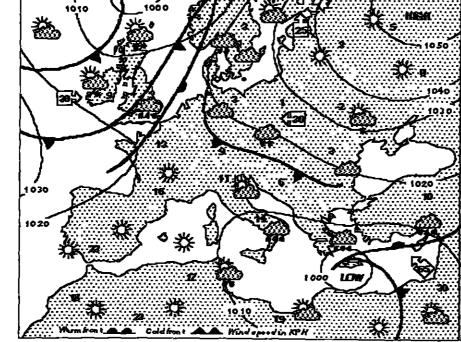
A zone of high pressure over Russia wil eastern and central Europe. Areas of low cloud will cover Germany, the Balkans, and eastern parts of the Low Countries.

Temperatures will be close to zero over

the northern Balkans and Poland. Central and eastern Scandinavia will have sunny spells and cloud. Norway will have cloud and rain as a frontal system moves inland from the Atlantic Ocean. Conditions in the Mediterranean will improve, with rain confined to southern Italy and Greece.

Five-day forecast

The zone of high pressure over Russia will weaken as zones of low pressure between iceland and Scotland strengthen. That will mean unstable conditions, with rain and wind at times stem Europe The Mediterranean will be generally sunny and dry. Italy and Greece will



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Tuesday March 14 1995

IN BRIEF

'Weak' result from **Cathay Pacific**

Cathay Pacific, the Hong Kong airline controlled by Swire Pacific, unveiled net profits for 1994 of HK\$2.28bn (US\$308m) – just 4 per cent ahead of the HK\$2.29bn earned in 1993. Mr Peter Sutch, chairman, described the result as "weak" but expected an improvement this year. Page 22

Italian purchase helps lift Pharmacia Pharmacia of Sweden, one of the world's top 20 drugs groups, said profits after financial items reached SKr5.32bn (\$739m) in 1994, up 60 per cent from SKr3.32bn a year earlier. Page 21

Enso-Gutzeit underlines recover: A year of strong recovery in the Finnish pulp and paper sector was underlined yesterday when Enso-Gutzeit posted 1994 profits of FM1.58bn (\$359m), more than three times the FM406m achieved a year earlier. Page 21

GM closer to clearing pension deficit General Motors has moved closer to eliminating its pension fund deficit after winning approval to transfer \$6.3hn of its Class E stock into the US hourly pension fund. The carmaker said it had also put \$1.8bn cash into the fund so far this year.

Earthquake to cut Kobe Steel by Y99bn Kobe Steel, which was hit hard by the earthquake in western Japan earlier this year, said that it had suffered total damage worth an estimated Y131bn (\$1.43bn), which would reduce profits in the year by

Trading has begun in a new deliverable wool futures contract on the Sydney Future Exchange, the only such contract worldwide, Page 25

TV interests lift MAI at half-time MAI, the UK media and financial services group, produced a mixed set of interim results that saw its television interests surge ahead more dramatically than expected but showed an equally large fall in its financial services business

Fairey expands with Loma purchase Fairey Group, the UK electronic and specialist engineering company, stepped up its expansion with the £18.2m (\$29.8m) acquisition of Loma Group, the privately-owned detection equipment manufacturer.

Refuge to seek approval for restructuring Refuge Group, the UK life insurer, said it was to start discussions with the Department of Trade and Industry about its restructuring. Page 26

Bankers Trust share hit by warning Shares in Bankers Trust tumbled by more than 14 per cent yesterday morning as the stock market reacted to a warning issued late on Friday that the company expected to report a \$125m loss for the first quarter of this year. Some other US bank stocks also suffered, as traders speculated that Bankers Trust was not alone in having been hit by the fall in Latin American financial markets and a slowdown in derivatives trading.

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FT Gold Milnes Index	32	US Interest rates	
FIASMA Inti bond svc	26	World Stock Markets	
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28-29 FT-SE Actuaries indices

Chief price changes yesterday

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Alcatel board stands by barred chairman

By John Ridding in Paris

The board of Alcatel Alsthom yesterday expressed its confidence in Mr Pierre Suard but failed to damp speculation that the chairman and chief executive of the French industrial group could be forced to step down as a result of a fraud

Alcatel said that the 14-member board had expressed its "confidence and support in Mr Suard", who has been barred from working at the group after being placed under investigation in a case involving alleged overbilling of France

The vote of support, however, was seen as a holding statement. A source close to the company indicated that fail-

French industrial group expresses 'confidence and support' for Pierre Suard but observers suggest he should step down

ure to resolve Mr Suard's legal problems in the near future, or to relax his managerial ban, would push the group to find

replacement. Mr Suard is to appeal against Friday's ruling by Mr Jean-Marie D'Huy, the investigating magistrate heading the case into alleged overbilling of France Télécom, one of Alcatel's biggest clients. Under the terms of the ruling, the Alcatel chief is barred from contacting staff at the telecoms, transport and engineering group and requires Mr D'Huy's permission to travel abroad.

Alcatel chief is also due to appear before Mr D'Huy again today. Neither the company nor judicial officials were able to comment on the subject of the inter-

Alcatel said: "The board is deeply concerned about the severity of this action for the chairman of one of the world's largest industrial corporations." It said the 15-member board, which includes Mr Guy Dejouany, chairman of Générale

The appeal, which is regarded as key to Mr Suard's future at the group, is expected to take about two weeks. The the group's operations would continue efficiently.

According to Alcatel, Mr Francois de Laage de Meux, managing director, is to take charge during Mr Suard's absence. He will chair the 10-member executive management committee and the sevenmember restricted management committee. The two bodies were created earlier this year in a reorganisation aimed at increasing Alcatel's management efficiency and decentralising responsibility.

Industry observers were divided by the board's statement. Some welcomed the show of support, but others said it could benefit Alcatel if Mr Suard were to step down. "The situation needs clarifying, things have got very messy," said one analyst. Mr Suard is also under for-mal investigation for alleged use of corporate funds for construction and reno vation work on his private properties.

The investigations, combined with a sharp fall in profits last year, have hammered Alcatel's shares. They have lost more than 50 per cent of their value since the start of last year and fell again yesterday, from FFr394.7 to FFr387.5, after a suspension of trading was lifted after the board meeting.

David Wighton explains the UK takeover regulator's electricity dilemma

Trafalgar says over **50%** want a new bid

By Peggy Hollinger and David Wighton in London

Trafalgar House, the UK conglomerate, yesterday said it had won the support of shareholders representing more than 50 per cent of Northern Electric for its attempt to present a lower offer for the privatised

Northern on Friday refused to give the consent which is required under the UK Takeover Code for a new bid. In a statement yesterday even-

ing, Trafalgar said it had been advised by its brokers, Cazenove and UBS, that written support for a revised bid being made had been received from a majority of Northern's shareholders. It is understood that more

than 50 investors signed up, including Northern's largest stakeholders and several arbitrage houses. Institutions are particularly angered by comments from Mr Tony Hadfield, chief executive,

that the board was in a better position to assess the regulatory prospects than its shareholders. Mr Simon Keswick, Trafalgar's ern would listen to the majority of its shareholders and allow a

The announcement is designed to put pressure on Northern's board to change its mind. Trafalgar last week decided to allow its £11-a-share offer - worth a total of £1.23bn - to lapse and wants to rebid at 950p.

bid to proceed.

Meanwhile, Northern is understood to be coming under pres-sure from its largest shareholders to pay out some of the value it had promised in its final



Referee unlikely to move the goalposts

he suggestion that the Takeover Panel might allow Trafalgar House to launch another hostile bid for Northern Electric met with a mixture of incredulity and alarm in the City of London yesterday. "It would be like the referee changing the offside rule half way through the FA Cup Final," said one investment banker. "The

crowd would go mad." There was widespread agreement that Trafalgar had little hope of persuading the Panel to waive rule 35 of the Takeover Code. One of Northern's largest shareholders said that while it wanted the bid to go ahead, it would be a mistake to relax the

Rule 35 prevents a failed bidder launching another offer for a company within 12 months, unless it is recommended by the

a share bid for Northern, having allowed its £11 bld to lapse on Friday. This followed the announcement by the electricity regulator that he was considering tighter controls on the industry. Northern replied that 950p "seriously undervalued" its

shares - which closed down 70p at 738p yesterday - and refused to allow the proposed bid to go This leaves Trafalgar with two options: it can try to persuade the Panel to waive the rule, or hope that pressure from share

holders will convince Northern's

board to change its mind. The first is possible, if unlikely. It is possible because the Code states that the Panel may "modify or relax" the application of a rule in particular circumstances Trafalgar and its advisers will argue that the circumstances are

very particular. They are not, however, without precedent. In October 1990, Severn Trent, the water company, allowed its hostile offer for Caird to lapse after the waste management company reduced its profit forecast during the course of the bid. Sev-ern Trent asked the Panel to allow it to relaunch the bid at a lower price but was turned down. In its ruling the Panel said that "a material change in the per-ceived financial state of the tar-

ne influential fund manager said that the circumstances were different and that the Panel would "have to consider very carefully" relax-

get company, however this may

have come about" did not provide

grounds for waiving rule 35,

Yet, even if Trafalgar can show that more than 50 per cent of Northern's shareholders want a lower bid to proceed, that is unlikely to sway the Panel. "It is not the Panel's job to substitute its judgment for for the company's. It is up to the company to decide whether the bid should go ahead. The Panel's job is to inter-pret the rules," said a former

member of the Panel executive.
The purpose of rule 35 is to protect companies from falling under a "state of siege" and suffering the damage caused by prolonged takeover battles. One merchant banker

described it as "one of Code's core rules" and said it would be a "disaster" if the Panel waived it. "It would be a terrible precedent We would all try to draw parallels in our next deals and it would introduce huge uncertainty.

Some of the Northern shareholders who want the bid to proceed believe the Panel should waive the rule. But most argue that the decision should rest with the company. "The board has the ball and should run with it," said

Credit Suisse turns its back on **Budapest Bank**

and Virginia Marsh in Budepest

Credit Suisse yesterday withdrew abruptly from a bid for Budapest Bank, a setback for the Swiss bank'sdrive to find another "home market". The retreat from Hungary comes less than a year after Credit Suisse gave up an attempt to take over Austria's Creditanstalt.

The decision also raises a question over the privatisation of Budapest Bank, which would have been the first east European state bank to be given over to majority control by a western bank. The collapse also complicates Hungary's Socialist government's efforts to re-establish the country's tarnished reputation for free-market reforms. The withdrawal left the Hun-

garian authorities and Salomon Brothers, the adviser on the sale, in disarray. Neither would comment. They granted Credit Suisse exclusive negotiating rights in December while retaining the option of returning to talks with Internationale Nederlanden Group or Allied Irish Banks. In the meantime, both have made

ING, which was runner-up to Credit Suisse, said it remained interested in principle and was waiting for a invitation to reenter the bidding. It has since injected £660m (\$1.1bm) to rescue the ongoing businesses of Barings, the UK merchant bank. The rescue is making large demands on senior managers' time.

Allied Irish Banks said its focus had turned from Hungary to Poland since its acquisition earlier this year of 16.3 per cent of Wielkopolski Bank Kredytowy, the Polish bank.

of nit-vas the

ate-ust

drawn because it wanted Budapest Bank to focus on corporate clients while Budapest Bank management was intent on building a retail banking operation.

Credit Sulsse said it had with-

Mr Rainer Gut, chairman of CS Holding, owner of Credit Suisse, said: "It [Budapest Bank] has a viable strategy but it is not what we were looking for. We felt it would be wrong to push their strategy into our corset." Credit Suisse said it could have

forced Budapest Bank to concentrate on wholesale banking. But it said that the shift would have involved the closure of branches and many redundancies." A report by McKinsey, the manage ment consultants, arguing against retail banking in Hungary, appears to have been deci-sive. Advisers involved in the transaction said another factor was the conservative ethos of Credit Suisse. Some Swiss executives conducting the "due diligence" examination of Budapest Bank had been dismayed by poor ocedures and information

Budapest Bank had also lost one of its main assets with the appointment of Mr Lajos Bokros, the chief executive, to the position of finance minister in the Socialist government.

The crisis at Barings' operations in Singapore also made Credit Suisse executives conscious of the difficulties of controlling foreign subsidiaries. Trading strategy, Page 21

Saatchi & Saatchi lures back 1980s star to run UK agency

By Roderick Oram, Consumer Industries Editor, In London

Saatchi & Saatchi has enticed back Ms Jennifer Laing, one of its brightest stars of the 1980s, to be chairman of its London advertising agency. "Sorting out the perception"

that the departure of Maurice and Charles Saatchi, its founders, and a handful of their colleagues had damaged the group was her top priority, she said yesterday. Their departures had only affected the holding company, which is about to change its name to Cordiant, she said. The departees had made no impact in recent years on the UK agency

based in Charlotte Street, Lon-

"I ran Charlotte Street more recently than they did," Ms Laing said. She was joint chairman of the agency for eight months in 1987 before leaving to run her own agency. Her co-chairman was Mr Bill Muirhead who quit the group after Mr Maurice Saatchi was ousted earlier this year. Saatchi agreed yesterday to

buy her agency, Laing Henry for £1.2m to be paid for by up to 1.4m Saatchi shares. Her agency will bring some £40m of annual billings to Saatchi. With the new business Saatchi has won, this takes the value of new work to £54m, or double the billings it has lost since the Saatchi brothers left.

Ms Laing, "46-ish" according to her count, is well-known in the industry for her work at Saatchi over 17 years and then running her own agency. She is only the second woman in the UK to have her name in an agency title. She attracted some notoriety at



Return to base: Jennifer Laing, new chairman of Saatchi & Saatchi

as a company car and own ing a part share of a race horses. She is returning to Saatchi for a basic salary of £175,000 a year, some performance related pay to be established and a car from Toyota from which the agency has just won more work. "This is very much the 1990s," she said.

Ms Laing reminded Charles and Maurice Saatchi of their 1976 annual report yesterday. In it they had warned of the danger in a small organisation becoming dependent on the style of one or two top men" however extraordi-

Saatchi for having a red Ferrari pary and talented. The brothers are starting again with a new small agency having been ousted from Saatchi & Saatchi. The only solution to the danger of dependence is to create a large,

> and 100 wonderful clients. One of her first big tests will be to try to retain British Airways as a client. The airline, long a fan of the Saatchi brothers, has put its business up for review. Ms Laing will be pitching against

> organisation, Ms Laing said. "Charles and Maurice achieved

that here. We have 600 employees



a small part of what Elonex

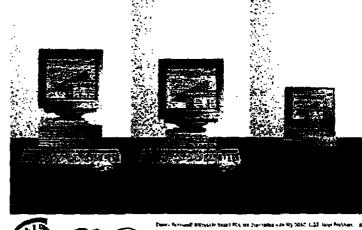
For example, you won't be able to spot the vast range of ore-loaded software that you can choose to have delivered with your PC. (And the choice

Nor can you see how we precise needs. That's some trung we're well qualified to do, having the longest Novel But we can soon show you that. Elenex is set up to giv ADIT DUBCIZERA MUSIK AOIT MANU Quickly, reliably and economi Ically. A fact (nat's equall)

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Rise and rise of an Italian scrap dealer

Purchase of ILP will make Riva Europe's second-biggest steelmaker, says Andrew Hill

r Emilio Riva started his career in the 1950s buying scrap metal and selling it on to small steel mills in northern Italy. Forty years on, he is still on the lookout for scrap. The difference is that now he buys entire unwanted steelworks from European governments

In the past seven years, Riva, the family-owned steel producer born from the original scrap business, has acquired rusting chunks of the Italian, French, east German and Belgian public sector. Today, IRL Italy's state holding company, is expected to confirm that Riva will buy Ilva Laminati Piani, which supplies some 45 per cent of Italy's flat steel requirements

The deal all but ends the state's involvement in the steel industry. The relationship has lasted nearly six decades and cost the Italian taxpayer an estimated L30,000bn (\$17.9bn) in subsidies to cover accumulated losses during the last 25

Italy's loss is Riva's gain. With the ILP acquisition, Riva's turnover will increase to some L12,000bn from L3,000bn a year. Its production of crude steel is set to overtake that of British Steel. In short, the deal will transform this secretive family company into Europe's biggest steelmaker after Usinor

Tax credit

helps ANI

By Nikki Tait in Sydney

to 75% gain

Australian National Industries

(ANI), the Sydney-based engi-

neering group which includes

Aurora in the UK and the Hol-

ter group in continental

Europe, yesterday announced a

75 per cent increase in first-

half profits after tax, to

A852.1m (US838.9m), for the six

Sales were up 11 per cent to

ASS48.3m. while earnings per

share rose to 7.2 cents from 4

cents. The after-tax figure was

helped by a A\$16.1m abnormal

tax credit. Excluding this,

operating profit was up 21.1

ments posted strong profits

increases, with the exception

of environmental engineering.

Results were also helped by

the inclusion of three-month

figures from Palmer Tube

ANI said it expected domes-

tic_operations to continue to reflect strong underlying growth in the Australian econ-

omy. The UK arm, meanwhile,

should benefit from better trad-

A Federal court in Sydney is

expected to begin hearings

tomorrow over whether docu-

ments supporting Renison

Goldfields' bid for Panconti-

nental Mining, estimated to be

worth A\$440m, are adequate.

February 1995

\$400,000,000

II legrand®

Price 99.153%

J.P. Morgan Securities Inc.

ing conditions in Europe.

Mills, acquired late last year.

ANI said most business seg-

per cent.

months to end-December.

What is more, Riva is taking on ILP just when decades of subsidies - attacked by more efficient northern European steelmakers - are beginning to pay off, and demand for hot rolled steel is picking up.

Last year, ILP is thought to have made a profit of L700bn. This year, it could increase production of crude steel to more than 9m tonnes, and is implementing a restructuring programme which will reduce the workforce at its Taranto steel plant, Europe's biggest, from some 13.000 to around 9,000 by the end of 1996.

Industry analysts point out that, with more aggressive management. Taranto could be even leaner. Not surprisingly, ILP's unions are worried that a merger with Riva will lead to further job losses. Taranto's managers are also said to be concerned about rumours that the new owner will pick only the most able executives.

Riva itself says there will be no involuntary redundancies at Taranto or at Novi Ligure, ILP's other plant. Earlier this month, Mr Claudio Riva - one of three sons of Mr Emilio Riva who, with two of his nephews, help run the company claimed Riva had never had to lay off workers after an acquisition. He said the company had rarely cut production capacity, even during the "We survived downturn. because our group built up

By Richard Waters

General Motors has moved

closer to eliminating its pen-

sion fund deficit after winning

approval to transfer \$6.3bn of

its Class E stock into the US

The carmaker said it had

also put \$1.8bn cash into the

fund so far this year, and set a

goal of abolishing the shortfall

industry analysts suggest

the company's strong cash

flow will enable it to reach the

target by the end of this year.

shares, which are tied to the

earnings of GM subsidiary

Worldwide sales of multimedia

personal computers quadru-

pled last year, to 10.3m units from 2.5m units shipped in

1993. according to a study

released yesterday by Data-

quest, the US market research

The rapid growth of the mul-timedia PC market has been

driven by soaring sales to

home computer users in the

US, said Mr Bruce Ryon, Data-

Apple Computer, which led the trend to multimedia by

All of these securities having been sold, this automorphent appears as a matter of record only.

The transfer of the Class E

hourly pension fund.

by the end of 1996.

By Louise Kehoe

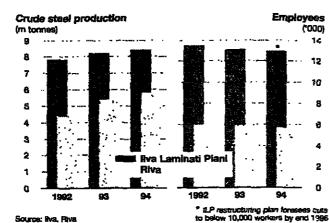
quest analyst.

\$42% Debentures due February 15, 2025

·Morgan Stanley & Co.

Goldman, Sachs & Co.

Merrill Lynch & Co.



reserves during the good

GM closer to clearing pension deficit

He would not be drawn, however, on the detail of the ILP deal. One outstanding question is how Riva will meet European Union demands that a further 500,000 tonnes a year be cut from the aggregate steelmaking capacity of ILP and its eventual buyer. Another is the price paid by Mr Emilio Riva, noted for his hard bargaining. After a month and a half of haggling with IRI, he is thought to have increased Riva's bid to L2,200bn from L1,500bn, but the official price

Riva, which was advised by Salomon Brothers, is understood to have sought financial

Electronic Data Systems, was

proposed a year ago. It was

subject to approval from the

US Department of Labor.

which must agree to large

stock contributions. The Class

E stock now accounts for

around one-fifth of the fund's

did not signal a desire to dis-pose of EDS, which it acquired

in the mid-1980s. It added, how-

ever, that it was prepared to

consider any deals which fur-

thered EDS's strategic objec-

tives, such as the plan last

year, later abandoned, to

The Class E stock confers a

Four-fold rise in multimedia PC sales

right to dividends paid by EDS.

incorporating CD-Rom drives

in its Macintosh computers

earlier than most of its compet-

itors, is the world market

leader with 2.4m units sold last

year, the research group said. Packard Bell ranked second

with almost 2m multimedia

However, in the US - where

6.9m, or 67 per cent, of all mul-

timedia PCs were sold last year - Packard Bell overtook Apple

Compaq, the world's largest

PC manufacturer, ranked only

third in the multimedia PC seg-

ment, with worldwide sales of 1.2m. IBM sold 820,000 units,

PCs shipped.

as the leader.

merge EDS with Sprint.

GM said the share transfer

is only likely to be announced

backing for the deal from Cariplo, the large Milanese savings bank. To offset the cost of the investment still further, the steel company is likely to ask other investors to come on board. One route might be for banks to convert some of ILP's debt into equity and then sell it on to new partners.

uyers could include the Buyers could include Tarnofin consortium of some 80 small business and Novi nesses from Taranto and Novi Ligure, which have been manocuvring for a say in ILP's future since the state-owned steel producer was put up for sale. Other steelmakers may also be invited to participate, although direct competitors

GM currently pays out 30 per

cent of EDS earnings from the

previous year in the form of

dividends, though this policy is

at the discretion of its board.

The carmaker, meanwhile,

retains a 100 per cent equity

fund stood at \$22.3bn as

recently as the end of 1993.

Last year, cash payments of \$7.7bn, and a rise in US bond

yields - used in calculating the

fund's future liabilities - cut

Ms Heidi Kunz, GM trea-

surer, said the transfer would

help GM lift its credit ratings

and strengthen its balance

sheet ahead of the next down-

598,000, mostly in the US.

While sales of multimedia

PCs to home users are boom-

ing, businesses have been

much slower to adopt the tech-

nology which brings high-qual-

ity graphics, sound and video

The Dataquest report is the

latest evidence that the home

computer segment is leading the PC market in adoption of

advanced technology. Most

PCs based on Intel's latest Pen-

tium microprocessor have also

been sold to home users,

according to industry data.
This shows a reversal of the

The Lion King

Walt Disney, the US entertainments group, said sales of its video release of The

Lion King had reached an esti-

mated \$450m at retail outlets

since its launch on February

28, Reuter reports from Bur-

The company said that with

more than 26m copies now

sold, the video was already the

best-selling video of all time. It said the video was leaving

the shelves faster than Disney

could manufacture it. Nearly

1m copies were being bought

In January, Walt Disney reported continued strong prof-

its growth in the Christmas

period, with operating income

for the first quarter to the end

of December up 27 per cent to

\$791m. Operating profits from

films jumped 32 per cent to

\$448m, primarily because of The Lion King.

bank, California.

reach \$450m

to the PC. Dataquest said.

the deficit to \$12.6bn.

The deficit in GM's pension

interest in the subsidiary.

What is certain is that Riva will want to maintain control of ILP. In its 40-year history. the company has only rarely opted for minority holdings in

One example was last year's purchase of 21 per cent of AST. a special steel producer also owned by IRL For this acquisition, Riva joined a consortium led by Krupp of Germany. which paid about L600bn for

Riva's interest was revealed only days after it pulled out of an agreement to buy Ekostahl. the troubled state-owned east German steel producer, following months of talks.

Mr Riva denies the company dropped one privatisation opportunity for another. "Normally, we don't make financial investments, but obviously it's a new product for us - stainless steel - and it seemed useful to enter this field." he said. Now Riva is poised to take

on the mantle of Europe's second biggest steel producer. other consortium members will have to keep any eye on their fast-growing partner.

Mr Riva points out that the last time the family company ioined a consortium to manage a steelworks - in 1985, when it took a 17 per cent stake in a state-controlled mill near Genoa - Riva managed to gain a majority stake and full management control of the plant

turn in the US car and truck

markets. A higher short-term

rating was important for the

group's financial services arm.

which borrows large amounts

on the commercial paper mar-

The 173m Class E shares

transfered to the fund repre-

sent 36 per cent of the stock.

and take to 40 per cent the pension fund's total holdings.

trustee to the fund, plans to

cut the stake over time. How-

ever, it said it was "very com-

fortable" with EDS as a

long-term investment and had

not been set a deadline by the

Department of Labor to reduce

market over the past decade.

Business users have generally

demanded the most advanced

technology, while home PC

users have tended to buy lower

powered computers with fewer

Some 80 per cent of multi-

media PC sales in 1994 went to

consumers who already had a

PC in the home, said Mr Ryon,

About 25 per cent of homes

with PCs now have more than

one in use. Growth of the mul-

timedia PC market is expected

to moderate this year to about

between 40 and 50 per cent,

boosts Kinross

Kinross Gold, spun off from Canada's Falconbridge in 1993,

increased production by 194 per cent to 174,000 oz of gold

and 5.2m oz of silver last year.

The group's production was

boosted by acquisitions and

new capacity coming on stream, writes Robert Gibbens

Net profit jumped to C\$24.6m (US\$17.5m), or 27

cents a share, in 1994, up from

C\$6.7m, or 11 cents, in 1993 on

revenues of C\$131m. against

Kinross plans to spend C\$36m in 1995-96 to double

mill capacity and expand

reserves at its main Timmins

Production and operating costs improved at five of

six producing mines and out-

put in 1995 is estimated at

236,000 oz gold and 5.1m oz of

mine in northern Ontario.

in Montreal.

Gold result

US Trust, which acts as

kets, she said.

while Gateway 2000 sold trends that have shaped the PC

features.

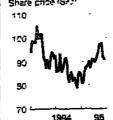
said Mr Ryon.

Video sales of | Production lift

NEWS DIGEST

Gambro posts advance to SKr1.15bn

Gambro Share price (Shirt



Gambro, the Swedish medical equipment s oup, lifted profits by le per cent in 1994 to SKrllebn (Slasm, from SKretem a year earlier. writes Christopher Brown-Humes in Stockholm. The performance was helped by a per cent volume driven increase in underlying sales and lower financial costs. A

20 per cent increase in the dividend to SKr1.65 per share is being proposed. Gambro became a subsidiary of incentive, a Wallenberg-sphere company, last year after being targeted for its growth prospects.

Sales rose to SKr9.Son from SKr9.04bn. The group's main business, centred on kidney dialysis machines, grew in line with the mar-ket, lifting sales by 7 per cent to SKr6.39bn, but it suffered from lower prices in most areas. Its performance was outpaced by two smaller divisions, blood component technology and healthcare services, which achieved double-digit sales growth.

Gamoro has designated healthcare a priority investment area, and it expects the division to overtake cardiovascular surgery to become its second largest unit this year.

Operating profits rose to SKr1.41bn. up 7 per cent, to leave the group with a slightly lower operating margin of 14.4 per cent, compared with 14.6 per cent. The company attributed the drop to currency movements and the healthcare division's higher share of revenues. The group's equity-to-assets ratio strength-ened to 40 per cent from 38 per cent.

Bayer buys US fragrances maker

Bayer, the German chemicals group, yesterday extended its activities in flavours and fragrances by buying Florasynth, a family-owned US company, for an undisclosed sum, writes Michael Lindemann in Bonn.

Florasynth is a leading maker of fragrances for cosmetics and had sales last year of about \$190m. Bayer said. It will continue to operate as a separate company within Haarmann Reimer, the Bayer flavours and fragrances division which had sales last year of about 8960m, making it the fourth biggest company in that market in sales terms.

While other leading international chemicals companies are increasingly focusing on their core activities, the Florasynth purchase suggests Bayer is intent on keeping a presence in the fine chemicals market - which includes flavours and fragrances - and is one of the three main markets in which Bayer operates.

Acquisitions help Talisman to record

Talisman Energy, the former BP Canada, posted record oil and gas production and profits for 1994, attributed mainly to acquisitions and heavy development spending, writes Robert Gibbens in Montreal.

Net profit was C864m (US\$45.49m), or 82 cents a share, up 148 per cent from C\$25.8m. or 43 cents, in 1993. Revenues rose to C8613m from C8330m.

Gas output increased 50 per cent to a daily average of 496m cu ft, after including Bow Valley, which was acquired last August, and a full year from Encor. Talisman's North Sea production began in the fourth quarter.

Oil output jumped 79 per cent to an average 52.000 bid, including contributions from the North Sea and Indonesia. Since the year end, Talisman has been able to use the C\$175m proceeds from assets sales in Saskatchewan and Cuba to reduce debt. assumed mainly from the C\$1.8bn acquisition of Bow Valley.

Norwegian drilling rig owners in merger talks Transocean and Wilrig, two Norwegian dril-

ling rig owners, said yesterday they will begin merger talks this week. If the deal goes through it would create the world's third largest rig owner. writes Karen Fossli in Oslo.

Transocean and Wilrig said that failing a merger, they might seek another form of co-operation. Wilrig which owns six modern semi-sub-

mersible rigs, valued at \$250m, last year cut pre-tax losses to NKr117m (\$18.54m) from NKr180m in the previous year. Turnover dipped to NKr606m from NKr629m, but the company forecast a return to profit in 1995. Transocean reported 1994 pre-tax profits of

NKr2.8m, against losses of NKr280m in 1993 as turnover fell to NKr2.44bn from NKr2.66bn. Rig operations alone suffered an operating loss of NKr100m in 1994 as utilisation dropped to 67 per cent from 80 per cent in 1993.

Strong growth at Hindustan Lever

Hindustan Lever, India's fourth largest com-pany by sales, posted strong growth in sales and profits last year. Sales reached Rs32,40bn (\$1.02bn), up by a third over a year ago, writes R.C. Murthy in Bombay.

Gross profits of Rs3.03bn at the Unilever afiliate kept pace with sales, in spite of com-pention. The sales surge was driven mainly by volume growth in personal products, soaps

Profits after tax jumped by to Rs1.90bn from Rs1_7bn, partly because of a lower tax rate.

Bourse suspends trading in Spie Batignolles

The Paris bourse yesterday suspended trading in the shares of Spie Batignolles, the construction and civil engineering company, ahead of a statement on its financial restructuring, expected within a few days, writes Andrew Jack in

The move followed confirmation last Monday from Spie, which is 59 per cent owned by Groupe Schneider, the electrical engineering group, that it would make substantial additional property provisions in its full 1994 results.

Spie is considering options for a financial restructuring which could involve a new capital injection or the possibility of the company taking over Schneider. Spie's shares have been falling sharply over

the past two months, from FFr265 in mid January to a close last Friday of FFr135. Shares in Schneider also closed down FFr15 yesterday at

Australian gold mining group advances 8%

Plutonic Resources, the former Noranda Australia goldmining operations in which Malaysian Mining Corporation holds a large minority stake, yesterday announced an after-tax profit of A838.1m (US\$28.4m) in the year to end-December, an 8 per cent rise over the 1993 figure of ASS5.2m, writes Nikki Tait in Syd-

The increase would have been larger but for a sharply higher tax charge of A\$21.2m from AS12m. Plutonic said pre-tax profits rose by 24.6 per cent to A\$59.2m, on revenues of A\$193.9m. down from A\$208.7m. after a reduced depreciation and amortisation charge of A\$25.4m. against A\$36.3m and an exploration write-off of A\$6.4m down from A\$11.6m. Plutonic, which operates five gold mines in Western Australia, said gold production attributable to the group in 1994 amounted to 332,807oz, produced at a cash operating cost of

A8304 an ounce. The Plutonic mine alone pro-

duced 173,253oz at A\$246 an ounce, and the

Ashton Mining suffers sharp fall to A\$28m

Darlot mine, 63,228oz at A\$259 an ounce.

Ashton Mining, the Australian diamond miner, announced a profit after tax but before abnormals of A\$28.3m (US\$21.09m) in 1994, against \$45.2m in the previous 12 months. Revenues were down from A\$335.3m to A\$196.6m.

However, this largely reflected the divestment of the gold division, plus a new accounting policy for exploration expenditure. Diamond sales revenue was up from A\$171.9m at A\$186.5m, and the company said there was record production from Argyle, amounting to 12.8m carats, up from 40.9m carats.

It forecast further growth in the world diamond market in 1995, on the back of economic growth in Asia, the US and Japan.

Kumagai Gumi takes loss after unit sale

Kumagai Gumi, the Japanese construction company, yesterday revealed it will book an extraordinary loss of Y19bn (\$987m) this year, but that recurring profits - before extraordinary items and tax - would be higher than expected. writes William Dawkins in

Kumagai Gumi's recurring profits will be Y19bn in the year ending in March, up from the Y15bn initially forecast, but sharply down on the previous year's Y23.56bn.

Most of the extraordinary loss comes from the sale of Film City, an Australian hotel development subsidiary, to a group of Singapore-based investors, said Kumagai Gumi. It will sell land in Japan to compensate, and also expects a higher than forecast income from securities sales, commonly resorted to by Japanese companies as a way of improving published profits in thin times.

Turnover is forecast at Y830bn, down slightly from Y841.99bn in the year to March

Scott Paper to move to new headquarters

Scott Paper, the world's largest tissue manufacturer, is to leave its home town of Philadelphia after 115 years, writes Tony Jackson in New York. It will sell its headquarter complex for \$39m to Koll, a property firm, and move its head office to Boca Raton, Florida.

Mr Al Dunlap, who took over as chairman

last April, had criticised the 55-acre complex as too large and grandiose. Last year, he said the success of a corporation was "in inverse proportion to the size of its headquarters".

Scott said some 100 employees would be transferred to the new headquarters, while 300 would be employed running Scott's North American tissue business from a new office, to be chosen near Philadelphia.

Asset sales overseen by Mr Dunlap have now raised more than \$2bn. The sale of remaining unwanted assets could bring the figure to about \$3bn, the company said.

U.S. \$150,000,000



Bank of Ireland

Undated Floating Rate Primary Capital Notes

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from March 14, 1995 to June 14, 1995 the Notes will carry an Interest Rate of 6.5625% per annum. The interest payable on the relevant interest payment date, June 14, 1995 will be U.S. \$167.71 per U.S. \$10,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank



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Notice is hereby given that the Rate of Interest has been fixed at 8.5% and that the interest payable on the relevant Interest Payment Date June 14, 1995, in respect of US\$5,000 nominal of the Notes will US\$1,861 17.

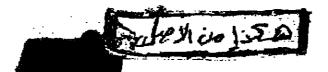
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INTERNATIONAL COMPANIES AND FINANCE

Enso-Gutzeit underlines recovery with profits leap

By Christopher Brown-Humes In Stockholm

A year of strong recovery in the Finnish pulp and paper sector was underlined vesterday when Enso-Gutzeit posted 1994 profits of FM1.58bn (\$359m), more than three times the FM406m achieved a year

The performance was driven by higher demand, increased prices and lower financial costs, and came in spite of a 7 per cent strengthening of the Finnish markka.

It means the Finnish forest industry achieved total profits of nearly FM6bn last year. compared with FM0.9bn in 1993 and a FM4.5bn deficit in 1992.

upturn had further to go, with more price rises and healthy economic growth leading to even higher profits this year.

However, it warned that wage rises, higher wood costs and energy taxes would take some of the shine off its

Last year's profits were achieved on a 16 per cent increase in sales to FM17.7bn. Higher sales volumes and big rises in the price of pulp and fine papers enabled the group to overcome the impact of the stronger markka.

The group also had a full year's contribution from the

Enso stressed the industry Finnish industrial group, in

A FM482m increase in oper ating profits to FM2.4bn helped to lift the bottom line, even though several divisions produced lower figures.

Lower interest rates and the reduced cost of servicing for eign currency loans cut financial costs by FM690m from FM1.51bn in 1993. The group lifted its dividend to FM1.0 a share from FM0.6.

Enso said its 1995 figures would benefit from its strategic alliance with Veitsiluoto, a Finnish producer of fine papers and publication papers, after its purchase of a 35 per cent forest industry businesses it stake in the group from the bought from Tampella, the state last year for FM1.5bn.

Schering cuts turnover forecast tic, diagnostic, contraception

By Judy Dempsey in Berlin

Turbulence in international currency markets forced Schering, the German pharmaceuticals company, to cut its forecast of growth in turnover this year to 6 per cent from 9 per cent, Mr Giuseppe Vita, chair-

man, said yesterday. The fall in value of the dollar against the D-Mark has had most impact on the outlook for

Group turnover last year rose 12 per cent to DM4.7bn (\$5bn) compared with the previous year, with the US market accounting for 17 per cent of sales. Net group profit rose 12 per cent to DM285m over the same period, while the divi- ceutical divisions - therapeu- the red.

dend was increased by DM1.28 to DM15.50.

In the US, sales soared 64 per cent, largely due to Betaseron, the multiple sclerosis drug which is only sold in the US. Sales for Betaseron last year totalled DM332m, but Mr Klaus Pohle, chief financial officer said sales this year could rise 50 per cent to DM500m as a result of increased turnover in the US as well as the introduction of the drug in Europe. which is expected next September or October. Betaseron accounts for 10 per cent of Schering's total turnover, which this year is expected to

reach DM5bn. Schering's four core pharma-

and hormone therapy and dermatological - continued to

show strong growth.

Sales for therapeutic drugs, which include cardiovascular treatment, rose 54 per cent to DM1.13bn. Turnover in the diagnostic division rose 1 per cent to DM.1.6bn, sales of contraception and hormone drugs rose 4 per cent to DM1.4bn, and the dermatological division rose 10 per cent to DM440m.

AgrEvo, the agrochemicals division in which Schering holds a 40 per cent stake with the remaining 60 per cent held by Hoechst, the German chemicals group, reported a turnover of DM3.3bn but is operating in

Norway to tighten grip on DnB

By Karen Fossii in Oslo

Norway's Bank Investment Fund, which administers the state's interests in the three leading commercial banks, has announced plans to tighten the state's grip on Den norske Bank, the country's largest, in which it is the biggest share-

Mr Ole Lund, DnB's chairman, has responded by calling for a meeting this week with Mr Sigbjoern Johnsen, the finance minister, for an expla-

nation of the state's intentions. The clash between the state and DnB and Christiania Bank, also under state control, began last month when the banks rejected a demand from the BIF for a 1994 dividend payment equivalent to 50 per cent of net profits. This compared with DnB's proposal of 30 per

cent payout plan. 'DnB and Christiania were among several commercial banks rescued from collapse by state cash injections of more

cent and Christiania's 34 per

than NKr25bn (\$4bn) during the country's worst post-war banking crisis. The state took a 72 per cent stake in DnB, 69 per cent of Christiania and fully owns Fokus Bank, the third largest bank. The banks returned to profit in 1994 and the dividends will be their first since 1989.

The battle has so far been confined to one of words, with veiled threats by the BIF to seek a bonus dividend if the banks refuse to meet the dividend demand.

Italian purchase helps lift Pharmacia

By Christopher Brown-Humes

Pharmacia of Sweden, one of the world's top 20 drugs groups, said profits after financial items reached SKr5.32bn (\$739m) in 1994, up 60 per cent from SKr3.32bn a

year earlier. The improvement reflects productivity gains after the group's purchase of the Italian pharmaceuticals company Farmitalia Carlo Erba in May

This has helped compensate for lower sales of some of the group's main drugs because of rising competition and government clamp-downs on health

Spending.
Pharmacia, privatised by the Swedish government last year, said revenues rose 7 per cent to SKr26.45bn, with the best growth being achieved in the German and UK markets. But, adjusted for divestments and including FICE on a pro-forma basis, revenues were only 1 per cent higher.

Price cuts and prescribing restrictions in Italy, Spain and Australia belped drive down sales of Genotropin, the com-pany's growth hormone drug, by 2 per cent to SKr2.56bn. Another drug, Healon,

which is used for eye surgery, was hit by competition and lower prices in the US and France, with overall sales falling 5 per cent to SKr1.59bn. The group made up ground in other areas, with increased

sales of anti-cancer drugs, Farmornbicin and Adriamycin. The main impact on the figures came from a cost-cutting drive and a SKr596m capital gain from the sale of the US group, Deltec.

The group is closing or selling as much as half of its current production capacity to cut annual costs by SKr1.2bn and reach a targetted 20 per cent operating margin. Last year its margin improved to 17.3 per cent from

15.5 per cent. R & D expenditure rose 8 per cent on a pro-forma basis to SKr3.76bp. or 14 per cent of

The group plans to lift its dividend to SKr2.60 from SKr2.20 a share.

revenues.

CS Holding backs trading strategy

By Ian Rodger in Zurich and John Gapper in London

CS Holding, the financial services group built around Credit Suisse, yesterday affirmed its commitment to financial trading operations in spite of a 52 per cent fall in trading income to SFr2.48bn (\$2.1bn) last year from SFr5.17bn in 1993.

Mr Rainer Gut, chairman, said at the group's annual press conference in London that it was too early to make a forecast for 1995 as financial

"and there has been no lack of surprises so far this year".

Mr Gut said it would be wrong for CS Holding to retrench from trading surance. operations because last year had been poor. He said fluctuations from such income were balanced by CS Holding's other banking operations.

CS has reported its 1994 net income tumbled 22 per cent last year to SFr1.33bn, due to a losses at Swiss Volksbank.

halving of trading income and

the sale of a 20 per cent stake in Credit Suisse Financial Products, the group's derivatives subsidiary, to Swiss Rein-

Mr Gut said the integration of Volksbank was paying off in terms of reduced operating costs and greater market shares in the Swiss domestic market but he anticipated another SFr170m in restructuring costs this year.

He said that Volksbank had suffered from poor conditions The results were flattered by in the Swiss housing market.

markets remained volatile a SFr540m capital gain from CS Holding had raised provisioning to cover poor loans on Volksbank's bolance sheet in line with its own stricter credit

> Mr Joseph Ackermann, president of Credit Suisse executive board, said the cost of acquiring Volksbank had been higher than estimated. However, the acquisition was still only at a premium of 30 per cent to book value. Mr Gut said CS First Boston, the group's investment banking arm, was aiming to cut operating expenses by 18

Swiss bank errs on side of caution

Credit Suisse pulls out of Hungarian acquisition after strategy clash

redit Suisse's decision to withdraw from its ✓ planned acquisition of Budapest Bank of Hungary was not taken lightly. The Swiss bank had spent nearly three months evaluating its target. It had about 40 people working full-time on the deal. At one point, its staff filled two floors of the Budapest Kempinski, the city's most luxurious

The auguries were good. CS Holding, the owner of Credit Suisse, had a foothold in eastern Europe through CS First subsidiary. Analysts regard Budapest Bank as the best-managed of Hungary's large enjoyed local political support: Hungary's finance minister is Mr Laios Bokros, former chief

executive of Budapest Bank. If Credit Sulsse decided not to go through with the pur-chase of Budapest Bank, then what hope for other east European state banks?

So far, not much. Only four important east European banks have found western owners. ING Group, the Dutch bank, last year bought 25.9 per cent of Bank Slaski of Poland for \$60m. Allied Irish Banks of Ireland earlier this year took 16.3 per cent of another Polish institution, Wielkopolski Bank Kredytowy.

Bayerische Landesbank of Germany took 25 per cent of Kulkereskedelmi Magyar Bank, the Hungarian foreign trade bank. The one leading foreign strategic stake in a bank in the Czech Republic is

the 40 per cent stake in Zivnostenska Banka owned by BHF

of Germany. The European Bank for Reconstruction and Development has made several investments, including a stake in the Hungarian bank alongside Bayerische Landesbank.

Overall, however, western banks have been slow to buy into institutions in former communist countries. Financial services are a growth sector in the region but western acquirers have preferred consumer goods industries such as cigarettes and confectionery, and even engineering.

There are many reasons. Credit Suisse said its strategy for Budapest Bank conflicted with that of the management. Credit Suisse's focus was on corporate clients and services such as trade finance; Budapest Bank wanted to build a presence in retail banking.

Mr Joseph Ackermann, president of executive board of Credit Suisse, said: "Our strategy for international banking concentrates on services such as investment management and wholesale banking.

In Hungary and several of its neighbours, banks have become highly politicised. A change in government typically means a change in bank management. Politicians are reluctant to abandon the power of patronage over appointments at the main banks.

In most countries there is a belief that the sector is a strategic one. Mr Spencer Nash, banking analyst at stockbro-

kers Wood & Co. savs foreign Czech Republic are "unthinkable". In the Czech Republic. moreover, commercial banks have been able to borrow cheaply, obviating the need to attract foreign equity investors. The three largest commercial banks - Komercni Obchodni and Investnici - took out syndicated loans at only 65-70 basis points above Libor

bove all, western banks are fearful of the hid-den liabilities they may take on through acquiring an east European state bank. Recession and tougher payment discipline have brought the problem of bad loans into

talise the banking system in all three countries. That should make western investors breathe more easily. But few managements have suffered for making bad loans. Western investors have no guarantee that they will not

the open throughout the

region. Governments have been forced to step in to recapi-

lend irresponsibly again. "Do you know what you are buying and can you be confident in the quality of the portfolio?" asked Mr Tony Fekete, deputy chief executive of Citibank in Hungary, which has

eschewed acquisitions. One warning to western investors is Westdeutsche Landesbank's involvement in AVB of Hungary. The German bank, which paid DM40m (\$28.3m) for an initial stake in 1992, discov-

ered many loans were bad and

had to inject a further DM32m in 1993. Mr Dieter Falke, board member of the Dusseldorfbased regional bank, said: "We undoubtedly came two years earlier than we should have." Western banks have preferred to set up their own greenfield branches or form joint ventures with Hungarian

Although there has been only one leading banking acquisition, there were 18 majority or wholly foreign-owned banks in Hungary at the end of 1994. There are 21 foreign-owned banks in the Czech Republic.

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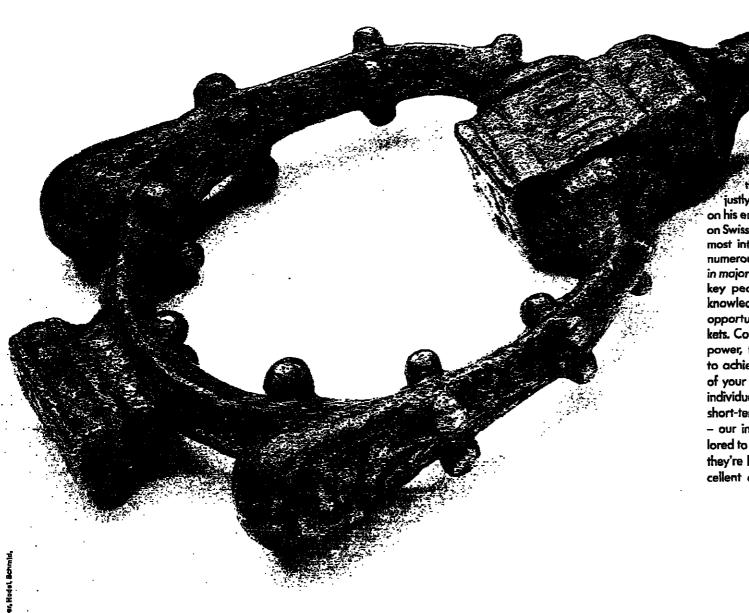
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Poland is the exception that proves the rule. Foreign acquirers have penetrated deeper into the banks than into many other sectors. An important factor may be Poland's restrictions on new bank The price of ABN Amro's entry into the market was the acoussition of Interbank, an ailing Polish bank Similarly, Westdeutsche Landesbank has agreed to invest in Bank Morski of Szczecin.

The Czech Republic has followed Poland's example. It suspended the granting of new banking licences last November and said it preferred investors to enter existing banks. It may be too late for that strategy, certainly in Hungary. The enthusiasts for eastern Europe have already set up branches. The cautious banks, such as Credit Suisse, remain cautious. Reporting by Nicholas Denton, Christopher Bobinski, Vincent Boland and Virginia Marsh

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INTERNATIONAL COMPANIES AND FINANCE

Cathay Pacific profits up 4% to HK\$2.38bn

Cathay Pacific, the Hong Kong airline controlled by Swire Pacific, yesterday produced an annual result at the bottom end of market expectations when it unveiled net profits for 1994 of HK\$2,38bn (US\$309m) just 4 per cent ahead of the HK\$2.29bn earned in 1993.

Mr Peter Sutch, chairman, described the result as "weak" but said he expected an improvement this year. "There are undoubted signs that the economies of our major markets are picking up," he said. "Together with the productivity enhancements we have achieved within the airline we look for some improvement in

Mr Sutch also signalled a softening in the airline's self-denying ordinance that it should not take equity stakes in other airlines. He said that while the company retained "severe doubts" about the benefits of such investments when it came to mainland Chinese carriers, it "could be that there are reasons to take another



Peter Sutch: expects an improvement this year

ommended a final dividend of 31.5 cents which, with the interim payout of 10.5 cents, makes 42 cents for the year. Cathay's dividend payout has remained unchanged since

Mr Sutch said that Cathay revenues were adversely affected by the sharp fall in traffic from Taiwan to mainland China through Hong Cathav's directors have rec-depressed and high inflation in Hong Kong pushed up costs, he

Last year's profits were struck on a 13.3 per cent rise in turnover to HK\$27.3bn. Airline operating expenses were held a growth of 11.8 per cent to HK22.6bn, while total expenses rose by 13.3 per cent to

Cathay's passenger load fac-tor improved by 1.3 percentage points to 71.3 in 1994. This was revenue passenger kilometres and a 10.4 per cent rise in available seat kilometres.

The airline's gross yield fell to 4.5 per cent from 4.7 per cent in 1993. Mr Rod Eddington. managing director, said that Cathay's yields had been falling since 1992, but that last year the rate of decrease slowed. "We're of the view that yields have just about bot-

Mr Eddington said Cathay was a modest net beneficiary of the current weakness in the US dollar. The airline's revenues came in many currencies, providing a natural hedge against currency fluctuations, but as a matter of policy Competition kept yields Cathay tends to be a buyer of

CCPC starts property auctions

in Tokyo

A loan agency set up by Japan's leading banks is to start auctioning buildings held as collateral for bad debts, in an attempt to speed the transformation of non-performing

The Co-operative Credit Purchasing Company has applied for consent to hold court administered auctions, a way of selling properties even when mortgage holders oppose the

Japan's 160 leading banks established the CCPC two years ago, to buy their bad to recoup some of their capital and to record a deduction against their tax bills. On average, Japanese commercial property values have fallen 50 per cent since the asset price bubble burst in 1990.

In the first 23 months of its existence, to February, the CCPC paid Y3,300bn (\$36.2bn) for bad loans with outstanding principal of Y7,300bn. It has managed to raise a mere Y160bn by selling property in that period. All those sales were to individual clients, rather than through auction. The CCPC's own caution is

partly to blame for this slow

progress. Until now, it has

far prices need to fall to attract buyers. But it has also been hampered by rows with mortgage holders over ownership. Prouble-making debtors would be the first to see their properties put on the block, CCPC officials warned. The CCPC's decision to try

been unwilling to see just how

its luck at a property auction shows that it believes the Y3,300bn book value of its property is close to its market value, said Mr Mark Faulkner, financial analyst S.G. Warburg Securities in Tokyo. "That means the prospect of a market clearing price level for real estate in Tokyo is

Telstra registers 18.4% gain

By Nikki Tait

Telstra, the Australian government-owned telecommunications group, announced a profit of A\$1.18bn (US\$880.6m), after tax but before abnormals, in the six months to end-December, up 18.4 per cent on the

Revenues rose 6.3 per cent to A\$7bn, compared with A\$6.59bn a year earlier, while expenses before interest and abnormals were 5.3 per cent higher at A\$5bn. This meant that earnings before interest and tax were 9.3 per cent higher at A\$1.97bn. The return on equity, before abnormals, was 21.1 per cent.

Noting that this was a considerable improvement, Mr Frank Blount, chief executive. admitted that there was still some way to go in matching industry's "best practice stan-

He said the revenue growth reflected the improving economy, and the margin improvement stemmed the containacknowledged again that ment. increased competition would The mean that revenue remained under pressure and the group's emphasis would have to remain on increasing efficien-

He also conceded the group had benefited from Australia's "unbelievable appetite" for mobile phones, saying that the country was perhaps six months away from having the highest penetration rate worldwide for mobile phones.

from 36 per cent at end-June, to 31 per cent in spite of the heavy investment programme, and lower interest charges of A\$260m (A\$358m) accounted ment of operating expenses. He for part of the profit improve-

> There was a A\$147m abnormal item, largely related to superannuation provisions. leaving bottom-line profits of A\$1.03bn, compared with A\$997m a year ago.

The company's debt ratio fell

The dividend paid to the federal government is A\$413m, up from A\$361m last time.

to cut Kobe Steel net

by Y99bn By Michiyo Nakamoto

Kobe Steel, which was hit hard by the earthquake in western Japan earlier this year, yester day said that it had suffered total damage worth an esti-mated Y131bn (\$1.43bn), which would reduce profits in the

year by Y99bn. The company said it would pass its dividend. The steelmaker - based in the city of Kobe, one of the most severely affected areas in January's earthquake - suf-

fered substantial damage to two of its plants as well as to its head office. Kobe Steel is forecasting a non-consolidated net loss of Y102bn in the year to March. largely as a result of the earthquake's impact. In the previ-

ous year it reported a net loss Against this background. directors of the company will see another 10 per cent cut in their annual remuneration. following an 18 per cent reduc-

tion last year, Kobe said. The earthquake is expected to reduce net sales by Y37bn in the second half to bring the total for the year to Y1,066bn or just under the Y1,068bn in the previous year. Recurring losses will grow to Y17.5bn compared with a Y3.4bn loss

Kobe suffered damage to its iron and steel operations estimated at Y114bn. Included in this figure is

damage to assets of about Y72bn and opportunity loss and increased variable costs of about Y59bn.

The company is working to restore facilities where it suffered substantial damage. At its Kobe works, which was the worst hit, production equipment and a wharf were badly damaged. At its Kakogawa works, several unloaders were damaged and a raw material wharf partially collapsed, Kobe said. The company, however,

expects to resume normal production at both sites in the second quarter of the next fiscal year beginning April.

Building surge lifts Milburn NZ

A surge in building activity helped Milburn New Zealand. the Swiss-controlled cement maker, increase net profit by 50 per cent to a record NZ\$21m (US\$13m) in the year to December 31, compared with NZ\$13.9m in the previous year, writes Terry Hall in Wellington. The company is 73 per cent owned by Holderbank

Financiere Glaris. Milburn benefited from a 25 per cent lift in building activity last year, higher productivity and lower funding

Earthquake Indonesian tin group plans float

By Manuela Saragosa in Jakarta

Tambang Timah, a wholly state-owned Indonesian tin mining company which ranks as the world's largest in terms of production, plans to float shares simultaneously on the London and Jakarta stock exchanges during the third

quarter of this year. Indonesia's finance ministry has already approved the Jak-arta listing, which has been in the pipeline since the company started restructuring in 1991.

with a request to float in London as well. Tambang Timah selected

London because of its reputation as an international metals trading centre. The company sells about 20

per cent of its tin in Europe. Last year. Tambang Timah s dredge fleet produced nearly 17,000 tonnes of tin. up about 18 per cent on the previous

Inland production also amounted to 17,000 tonnes. Tambang Timah has yet to

and is now being presented decide the size of the stake to be sold, although on the record of past part-privatisations it is likely to be a minority share. The company is looking to invest in other commodity and mining sectors in indonesia and the size of the flotation will depend on these invest-

> Tambang Timeh has cut its workforce to just over 5,500 cash injection of Rp150bn

ments, a company official As a result of restructuring. from 27,000 in the mid-1980s and has received a government

based on Bangka island off the south-eastern coast of Sumatra, has become profitable and claims to be one of the world's lowest-cost tin producers. Last year, Tambang Timah

made a net profit of Rp119.2bn. compared with Rp20.1bn in Other state-owned Indone-

sian companies earmarked for privatisation are also undergoing restructuring, including Garuda, the national airline, and Telkom, the domestic telecommunications company.

Rivals put South Korea's top brewer under pressure

ntil recently. South Korea was dominated by one beer company, Oriental Brewery. So great was OB's strength that industry observers suggested that it allowed Chosun, the number two brewery, to capture a 30 per cent market share so that OB could avoid possible antimonopoly investigations by the

However, Korea's duopolistic and highly-protected beer market has changed dramatically in the past year.

OB, the flagship of the Doosan food and beverage group last year reported its heaviest loss, at Won65.4bn (\$837m) Won2.3bn for 1993. It was only the second annual deficit for OB since it was established in

In contrast, Chosun's net earnings climbed to Won5bn from Wonl.8bn in 1993. The reversal in OB's fortunes is a classic story of a company that has grown complacent

and rested on its laurels", said Mr Jonathan Dutton, an analyst for S.G. Warburg Securities in Seoul. The reason for OB's sudden

decline was Chosun's introduc-

tion two years ago of Hite, a non-pasteurised light beer, into a market that mainly consisted of stodgy lagers. The popularity of Hite among Korea's young genera-

tion has boosted Chosun's market share to 42 per cent, while that of OB has slid to 52 per

The beer war intensified last summer - appropriately, the hottest in 90 years - when a new competitor joined the fray. Jinro, the biggest distiller of Korea's soin liquor, formed a joint venture with Coors of the US to produce another light

Jinro-Coors has taken 6 per cent of the beer market and plans to increase its share to 20 per cent this year. The joint venture suffered

378.8

460.2

estimated losses of Won20bn-30bn because of start-up costs. while posting sales of

Won46.3bm. Some analysts believe OB will have great difficulty recapturing market share after it bungled initial efforts to counter the challenge posed by Hite and Cass.

A year ago. OB launched its own light beer. Ice, supported by a saturation marketing campaign. But the advertising backfired since its use of a nude figure of a Korean actress proved too controversial for

Oriental Brewery made a loss of Won65.4bn last vear and saw its market share slide to 52 per cent, reports John Burton in Seoul

the country's conservative moral tastes. The ad was withdrawn under government pres-

The introduction of another OB light beer, Nex, in October has failed so far to make much of an impression with consum-

The increased competition has put pressure on OB's profits. Its advertising costs tripled Won28.5bn to promote the Ice and Nex brands, but with little result. OB sales for 1994 remained almost flat at Won498.8bn, while Chosun's sales surged by 34 per cent to

OB earnings were further depressed by investments for a new beer plant, whose opening has now been delayed because of the company's shrinking market share. Although beer sales grew 13 per cent last year. OB may have trouble taking advantage of the surge in consumption, which mainly reflects higher sales for light

S Korean beer market (Won bn)

498.8

While 83 per cent of OB's production is still devoted to lagers, Chosen has shifted 80 per cent of its output to Hite. Jinro-Coors is also planning to double production for its Cass light beer this year.

With the rapid public switch to light beers. OB has only prevented further market erosion due to the exclusive sales agreements it has with many restaurants and bars. Beer consumption at home, however, is on the rise, which would deprive OB of its distribution

Declining sales also pose a new problem for OB in terms of the price it pays for barley. which accounts for 70 per cent of raw material costs. Beer companies are required to purchase expensive domestic barlev, but they are also granted access to cheaper supplies from abroad based on market share, As OB's market share falls, its purchase of imported

barley declines. Rising cost pressures on OB's profits would be eased if the government allowed an increase in beer prices, although this is unlikely this year because of the country's anti-inflation programme.

In an effort to boost sales, OB has struck back by invading Jinro's traditional stronghold in the soju market. It purchased a provincial distiller of the potent spirit in late 1993 and has captured 10 per cent of soju market through the introduction of a milder brand.

The success of Green, however, has largely come at the expense of other regional solu makers, while Jinro's 50 per cent market share has hardly been disturbed.

Meanwhile, OB's dominance in the whisky market, which it gained through its joint venture with Seagram, is being challenged by Chosun after it recently concluded a marketing agreement with United Dis-

Progress on **Philippine** bank claim

The Philippine National Bank. the country's largest bank which is due to be fully privatised next month, is to have its claim on 15.1bn pesos (\$582m) of national treasury money considered by the government.

The department of finance and the national treasury have disputed PNB's claim to the money, which the bank said it was owed under a government rehabilitation scheme started

The bank had been used until 1986 by the former Marcos dictatorship as the regime's chief creditor to "crony" monopolies and as a repository of dubious government liabilities. PNB transferred the bulk of these liabilities to the new government, which in turn injected 2.5bn pesos into the bank to recapi-

According to an arcane 'substitution arrangement", however, the bank continued to service the transferred liabilities on behalf of the government on the assumption the treasury would repay PNB's servicing costs in full. However, the department of finance and the treasury strongly disputed the rate at which PNB had serviced the debts, leading to a disagreement over the amount the gov-

ernment owed to the bank. PNB says the government should repay 26bn pesos while the government originally calculated its debt to the bank at

11bn pesos. Mr Gabriel Singson, the governor of the central bank, and Mr Eduardo de los Angeles. chairman of the stock exchange, last week pledged to resolve the discrepancy on PNB's books.

WMC plant plan

Western Mining Corporation, the Melbourne-based mining group, is to invest A\$145m (US\$108m) in a sulphur recovery plant at its Kalgoorlie nickel smelter in Western Australia, writes Nikki Tait. The plant should come on stream in the latter half of 1996.

February 1995



STRONG EARNINGS GROWTH IN 1994 Scor announces net income of FRF 282 million for 1994

The Board of Directors of Scot SA, chaired by Jacques Blondeau, met on March 8, 1995 to review the consolidated financial statements of the Group, and to approve the parent company financial statements for 1994. SCOR GROUP CONSOLIDATED DATA

Gross premium income*	11, 646	11, 645
Net premium income	9, 846	9, 929
Total net profit	177	280
Group net income (excl. minorities) 157	282
Net underwriting reserves	18, 225	19, 500
Total shareholders' equity	5, 419	5, 407
Group shareholders' equity	4 ,941	4, 984
(excl. minorities)		

1993 marked the start of the recovery and 1994 confirmed our forecast, with the Group achieving a return on equity of 5.7%, in line with its mid-term profitability objectives. Some markets such as the United States, which was badly hurt by the Northridge earthquake, continue to deteriorate. On the other hand, European and Asian markets continued their recovery. Against this contrasted background, Scor Group premium income advanced 4.8%, on restated basis and at constant exchange rates. Group net income (excluding minority Interests) leaped 80%, to FRF 282 million.

PARENT COMPANY DATA

Income after tax for the year totalled FRF 66,7 million. The Board decided to propose to the General Meeting of Shareholders to increase the dividend by 33%, to FRF 3 (including tax credit).

MURPACE



Notice to the Holders of the Warrants to Subscribe for Shares of Common Stock of

> KISSEI PHARMACEUTICAL CO., LTD. (the "Company") Issued in conjunction with U.S. \$100,000,000 11/2 per cent. Bonds 1996 (the "1996 Warrants")

> > and U.S. \$100,000,000 1% per cent. Bonds 1998 (the "1998 Warrants")

ADJUSTMENT OF SUBSCRIPTION PRICES NOTICE IS HEREBY GIVEN pursuant to Conditions 7 and 11 of the Terms and Conditions of the Warrants in relation to the 1996 Warrants and 1998 Warrants, respectively, that the Board of Directors of the Company passed a resolution on 21st February, 1995 to make a stock split of shares of its common stock effective as of 19th May, 1995 in the form of the free share distribution to the shareholders of the Company of record on 31st March, 1995 (Japan Time) in the ratio of 0.1 new share for each one share held.

As a result of such stock split, the Subscription Prices at which shares are issuable upon exercise of the 1996 Warrants and 1998 Warrants will be adjusted as follows:

(1) The 1996 Warrants Before adjustment: Y3,499.20 per share
After adjustment: Y3,181.10 per share (2) The 1998 Warrants Before adjustment: Y5,395.50 per share

After adjustment: Y4,905.00 per share Such adjustment to the Subscription Prices shall be effective as of 1st April, 1995 (Japan Time). IBJ Schroder Bank & Trust Company The Fuji Bank and Trust Company

on behalf of: Kissei Pharmaceutical Co., Ltd. Dated: 14th March, 1995.

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To the Holders of Restructured Obligations Backed by Senior Assets, B.V.

Senior Assets, B.V.
Pursuant to the Indenture dated
May 1, 1990, as amended and
restated as of June 15, 1990,
between the Issuer and State
Street Bank and Trust Company,
as Trustee, notice is hereby given
that for the Interest Accrual Period
March 10, 1995 through June 11,
1995, the rates applicable to the
Secured Senior and Secured
Senior Subordinated Floating Rate
Notes are 6.6125% and 7,0625%,
respectively.

THE ROYAL BANK OF CANADA
US. \$300,000,000 Floeting Rate
Debenture Notes due 2005
NOTICE IS HEREBY GIVEN that for
the Interest Period commencing on
15th March, 1995, the Notes will
bear interest at the rate of 65%
per annum. The interest payable on
15th June, 1995 against Coupon
No. 37 will be U.S. \$16,611111 per U.S.
\$1,000 nominal.
Agent Bank Agent Bank

ROYAL BANK OF CANADA



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Net profit

-65.4

1992

3.2

-7.6

3.7



Secondary Offering

1,600,000 Ordinary Shares of Mapfre Vida, Sociedad Anónima de Seguros y Reaseguros Sobre la Vida Humana

> a Subsidiary of Corporación Mapfre

Compañía Internacional de Reaseguros, S.A.

Price: Ptas 5,450 per Share

Lehman Brothers

Global Coordinators BBV Interactivos, SVB., S.A.

Lehman Brothers

International Institutional Offering Salomon Brothers International Limited

BBV Interactivos, SVB., S.A.

Deutsche Bank

Barclays de Zoete Wedd Limited

Banco Central Hispano

BBV Interactivos, S.V.B., S.A.

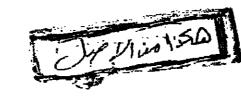
Argentaria Bolsa, S.V.B., S.A.

Banco Santander de Negocios, S.A. Caja de Madrid

Indosuez Capital

Advisor to the Issuer Mapfre Inversion, S.V.

Spanish Public Offering



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<u> 2007)</u> 14

8870 € 77

COMPANY NEWS: UK

Rise in media interests makes up for fall in financial services

MAI advances 22% to £59m

By Raymond Snoddy

MAI, the media and financial services group, yesterday pro-duced a mixed set of interim results that saw its television interests surge ahead more dramatically than expected but showed an equally large fall in its financial services busi-

The company, which last year acquired Anglia Television to add to its Meridian franchise in the south of England, saw pre-tax media profits rise from £6m to £29m

in the half-year to December 31. The advance was helped by the first full six months contribution from Anglia. In contrast, because of weak markets, MAI's money and

securities broking profits fell from last year's exceptional level of £28m to £16m this time. The overall result - a 22 per cent rise in pre-tax profit to 259m (\$97m) on turnover up 24

ahead of analysts' expectations and the shares closed &p up at Sir James McKinnon, the

per cent to £396.3m - was still

MAI chairman, said that there had been an improvement in financial markets in London and New York since the turn of the year "but trading conditions remain challenging".

Lord Hollick, chief executive, said he believed the company had now demonstrated that the acquisition of Anglia had been a success.

The price of £290m had at the time been seen as a fairly full one. But Lord Hollick said that when other Anglia interests had been stripped out, such as its stake in Village Roadshow,

the fast expanding Australian media group, and a residual stake in British Sky Broadcasting, the acquisition had cost about £180m

Meridian's profits rose from about com last time to £10m in the period under review. Some £16m in profits came from Anglia, close to its earnings for the whole of 1994. Apart from rising advertising revenues, considerable cost savings had resulted from the integration of the two ITV companies something like £7m to £8m in a

National Express to acquire bus operator

Luisten !

* } {-

National Express, the coach and airport group, yesterday stepped up its bid to become a diversified transport business by announcing plans to acquire West Midlands Travel, one of Britain's largest bus

The company, which has a near monopoly on inter-city coach services and owns East Midlands Airport, is considering pay-ing between £160m and £200m (\$328m) for the Birmingham-based bus network. Although it refused to discuss the terms of the deal, it is understood to have drawn up plans for a cash and paper offer which will be put to 5,000 employee share owners

Advisers close to the deal predicted it would be the biggest bid yet seen for a former state company sold to its work-

Mr Ray McEnhill, the coach group's chief executive, said the proposed takeover

could also signal a consolidation of bus operators in the UK, which were deregu-lated by the government in 1986. Some City analysts suggested the move

would cause concern among rival bus operators, especially in London and the north east of England, where WMT operates local commuter services.

National Express first approached the group with an offer late last year after the bus operator, which has a 2,800-vehicle fleet, postponed plans for a flotation.

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	Tomo	vor (220)		re-tax At (Etn)	1 7	S pai	Custosis payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total las
BPP Yr to Dec 31	53.6	(49.8)	6.9	(6.33)	15.4	(13.2)	6.5	May 9	5.8	9.6	B.8
Cala	33.9	(29.9)	1,58	(0.34)	3.09	(0.63)	1.7	Aor 28	0.9	5.0	2.3
Candover levestments	4.35	(2.92)	4.86	(3.3)	15.24	(10,64)	8.1	Many 11	7.05	12.25	11
DOSTICE Yr to Dec 31	38	29.9	1.82	(1.22)	12.45	(8.83)	3.7	May 31	3	5.3	4.6
Domestic & General 6 mits to Dec 31	34.6	(32.8)	4.98	(4.45)	47.09	(43,51)	10.36	May 12	9.25	3.3	27.75
suropean Leisure 6 mins to Dec 31	32.2	(30.1)	1,71♥	(0,34L4)	0.22	(0.89L)	10-30 18	may 12	5.23 19	nB	27.73 Ni
Fairey Yr to Dec 31	145.1	(130.2)	25.8	(21.8)	22.8	(18.9)	4.75	June 15	4"	7	5.9*
Sartmore Yr to Dec 31	85.3	(68.5)	35.3	(24.64)	11.9	(8.7)	1.75	Apr 24		5.5	
Graseby Yr to Dec 31	94	(113.7)	10.14	(9.6)	11.8	(17.4)	3.9	May 18	9.3	6.5	8.6
Transparent Yr to Dec 31	167.9	(110.4)	120	(9,02♠)	71	(53)	18	-	12	23	18
Sherokan &		(+)	5.62	(47.4)	9.2	(59.7)	5.4	May 12	4.7	7.9	7
SA Indi	180	(140)	4.8	(4.3)	8.2	(7.4)	1.295	May 31	1.1	1.9	1,65
Wr to Dec 31	212.6	(201.7)	24.4	(21.8)	11.5	(11.4)	25	May 15	5	7.5	7.5
AL 6 mths to Dec 31	396.3	(320.6	58.6	(48.2)	10	(9)	2	Apr 28	. 2		7.8
Mailett Yr in Dec 31	10.2	(9.89	1.24	(1.04)	5.9	(5.27)	2.65	May 24	25	3.4	3
layborn §	43	(39.9)	4.87	(4.24)	16.3	74.3	4.4	May 31	3.9	6.4	5.7
Circles S Yr to Dac 31	77.B	(63.1)	5.93	(3.474)	10	(5.3)	nil	, 0.	nii	οĤ	3 11
attonal Express	170	(139)	15.2	(9.31♥ }	25.5	(18.7)	6	-	5	8.7	7.5
endragon Yr to Dec 31	388.9	(276.4)	9.62	(7.37)	17.3	(14.1)	5.4	May 2	4.8	8.1	7.2
erions Foods Yr to Dec 31	391.1	(382.1)	19.7	(15.74 i	7.2	(4.9)	27	May 26	27	4.45	4.45
erstrance Yr to Dec 31	206.2	(169.2)	25.2	08.80	15.7	(13.6)	6.5t	ADE 24	62	9.5	9
ladius Sif Yr to Dec 31	24.9	(23.3)	1.45	(1.17L)	3.45	(2.97L)	0.7	May 13	nii.	1.05	0.45
afoge Yr to Dec 31		(-)	29.7	(24.34)	12.68	(10,08)	8.6	May 19	7.9	12.3	11.35°
verby Yr to Dec 31	1,011	(755,4)	76.1	(63.8)	8.1	(7.3)	21	May 12	1.96*	3.6	3.385*
cedie 77 to Dec 31	15.8	(15.2)	3.641.♥	(6.351.4)	5.81	(125L)		··-, ·-	-		•
booer & Friedlander Yr to Dec 31		(-)	26.7♥	(34.4♥)	9.57	(13.18)	3.5	June 7	1.75	4.9	3
elcare Yr to Dec 31	90	(728)	21.1	(14.8	14.5	(13.7)	1.5	Apr 28	1.4	2.3	21
raffed Carriers Yr to Dec 31	123.5	(108.6)	1.85	(1.74)	5.4	(5.3)	3.3	May 17	-	4.9	-
				retažilo			Current	Deta of	Corresponding	Total for	Total tes
rvestment Trusts	NA1	(p)	Eerolo	go (Sa)		(9)	Degracent (p)	pzymeni	dividend	year	Asst
ieming High income 9 mile to Jan 31	95.7	m17.9 i	1.04	(1.11)	3.21	(3.45)	1.15#	Apr 3	1.1	-	4.4
locux Scient his	89	(-)	0.865	(+)	3.07	(+)	1.5	Apr 28	-	3	•
Jelowort Dev Food	460.4	(410.8)	0.354	(0.302)	5.85	(4 <u>.9</u> 9)	2.75	May 12	275	-	11

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital, \$USM stock, "Adjusted for scrip issue. \$\forall After exceptional credit. \(\phi After exceptional credit. \(\phi After exceptional credit. \) \(\phi After exceptional credit. \(\phi After exceptional credit. \)
US buy helps Rugby

Construction Correspond

Rugby Group, which is seeking planning permission for a £100m modernisation and expansion of its Rugby cement works increased 1994 pre-tax profits by 19 per cent from £63.8m to £76.1m.

Profits were boosted by first time contribution of £5m from the US building materials distribution business of Bunzl acquired for \$93m last June. The profits increase would

have been greater but for a £3.9m provision to cover the group's share of an EC anticartel fine and a £3.1m loss on the disposal of the group's French metal products business.

The company along with other European cement manufacturers is appealing against the EC fine which left UK cement profits 5 per cent lower at £16.8m (£17.7m) in spite of a 10 per cent increase in volume

UK joinery profits which rose from £17.8m to £18.2m, also, would have dipped slightly but for a £600,000 contribution from new acquisition Allan Bros.

The group, in which joinery now contributes more profit and turnover than cement, increased turnover to £1.01bm (£755.4m). Earnings per share after allowing for last year's one-for-one capitalisation issue rose from 7.3p to 8.1p. It is proposing a final divi-dend of 2.1p (1.96p) making a

total of 3.6p (3.385p). The group also is spending A\$76m (£36m) on a new lime and cement kiln in Australia to meet increased customer demand. Both developments could be financed from cashflow. At December 31 net cash was £44.5m.

Australian cement and lime profits rose last year to £15.3m (£12.5m); Australian joinery profits increased to £3.8m (£3.3m); US joinery profits boosted by the Bunzl buy increased to £8m (£3.7m). European joinery profits, also helped by recent acquisitions, increased to £9.6m (£5m).

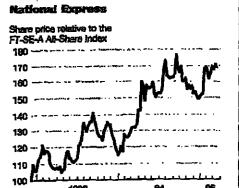
LEX COMMENT

National Express

It makes sense for National Express to move on to buses, given a sluggish outlook for its core coach operations. Its opportunistic purchase of East Midlands Airport has provided its most profitable business. But while airports offer further growth, they also absorb large amounts of capital. By contrast, buses are basically cash boxes on wheels, and have the appeal of a steady earnings stream throughout

the year. West Midlands Travel would be a substantial first move into local buses: it is the largest city bus operator in the UK. Moreover, cities offer the greatest potential for passenger growth, as local government tentatively encourages motorists to switch to public transport. In addition, bus operations offer substantial econ-omies of scale, from vehicle purchasing and

maintenance, so it makes sense to go in big. However, National Express may have to pay a full price for WMT, and there are no mean ingful synergies to be developed with its coach business. WMT postponed a flotation last year, but is anticipating a similar price tag of around £200m. It is already a well-managed business with operating margins that other operators dream of. In addition, it requires



significant short-term capital expenditure to modernise its bus fleet. Given the difficulty in acquiring more regional airports, buses will at least provide National Express with short-term earnings drive. But without more far-reaching government initiatives to promote public transport, the medium-term outlook for buses looks pedestrian.

Insurers group to assist in Littlechild statement inquiry

By Peggy Hollinger

The Association of British Insurers, which incorporates most of the UK's largest institutional investors, is to liaise with the Stock Exchange in its review of events leading up to the surprise announcement from the electricity industry regulator that he was considering tougher price controls.

The ABI's members are also likely to call for an independent inquiry into the circumstances surrounding the regulator's surprise statement, if the government does not take steps to ensure such things

could not happen again. Some institutions are calling for a review of the regulatory system in the UK. Many are

understood to feel that a single person has too much power, and would favour a group of regulators for each industry. Institutions are furious at the manner in which the electricity regulator could make price sensitive statements a day after shares bought in the gov-ernment's £4bn National Power and PowerGen offer made their

market debut. While they acknowledge that the regulatory risks were stated in the prospectus, they

revelations that the government knew before the offer closed that Professor Stephen Littlechild was minded to make such a statement.

Mr Richard Regan, head of the ABI's investment committee, said the association was anxious to "address the extreme concern of the institutions at the timing of the statement by the regulator just after a float which must have an impact on the pricing of the issue. We think the most productive thing is to address how we prevent that happening again".

Mallett achieves better prices

Mallett, the New Bond Street was because the company sold art and antique dealer, much of its own stock in the art and antique dealer, improved pre-tax profits by 19

per cent from £1.04m to £1.24m The growth, which was achieved on turnover up just 3 per cent to £10.2m (£9.89m).

year, with little on commission, and better prices were achieved than during the reces-

Earnings per share advanced to 5.9p (5.27p) and the dividend

is lifted from 3p to 3.4p with a proposed final of 2.65p (2.5p). The company said it was hard to predict trading for the present year but prices were better in the second half of 1994 than the first and this trend had continued.

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AGUAS ARGENTINAS S.A.

Buenos Aires, Argentina

US\$179,500,000

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International Finance Corporation

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Provided by International Finance Corporation

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Provided for its own account by International Finance Corporation

> US\$134,500,000 Term Loan Provided through participations in the IFC loan by

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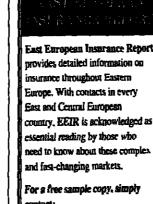
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November 1994



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YOUR **CONFIDENCE** IS OUR ASSET. 99 In 1994 our clients once again demonstrated their confidence in our bank. Landesbank Rheinland-Pfalz posted a profit of DM 89 million. Compared with the previous year's excellent result, this is an increase of 3 per cent. Due allowance has been made for all risks arising from the lending business and write-downs on all our securities holdings.

These results reflect our commitment to prudence and solidity. Ranking among Germany's prominent public-sector financial institutions, Landesbank Rheinland-Pfalz offers a full range of universal banking services, from foreign lending and trade finance to securities transactions and real estate financing. We also act as banker to the State of Rheinland-Pfaiz and function as central bank for the state's savings banks.

Our balance sheet illustrates our commitment to our clients and their confidence in our service capabilties.

Key figures from the preliminary Group Balance Sheet 1994 1993 DM billion 64.7 Total Assets 63.2 61.4 Balance Sheet Total DM billion Claims on Customers DM billion 24.9 DM billion 35.3 36.0 Certificated Liabilities DM billion 20.3 Equity Capital DM billion 2.0 1.9 Operating Income DM million 80

Landesbank Rheinland-Pfalz D-55098 Mainz, Germany LANDESBANK RHEINLAND-PFALZ Grosse Bleiche 54-50 Tel. [61 31] 13·01

Fairey rises 18% and buys Loma for £18m

Fairey Group, the industrial electronic and specialist engineering company, yesterday stepped up the expansion of its electronics business with the £18.2m acquisition of Loma Group, the privately-owned detection equipment manufacturer.

Fairey, which has spent almost £50m expanding the electronics division in the past six months, said the deal would make it one of the world's leading suppliers of contamination control prod-

Improved contributions from the division - the group's largest - helped lift pre-tax profits by 18 per cent from £21.8m to 225.8m on sales up from £130.2m to £145.1m.

Mr John Poulter, chief executive, said the integration of Loma would increase annual sales to about £180m and

"We're not buying cheap assets but income generation, and it fits well with the technologies and markets of several other Fairey businesses." It is funding the deal with £13.2m of debt and a 386p a

Share price relative to the FT-SE-A Bectronic and Elect Equipment Index



Strong demand for products such as sensors and infra-red equipment fuelled a 29 per cent increase in operating profits in the electronics division to £13.4m (£10.4m).

Mr Poulter predicted that the division's dominance of the group - it provides about half of group turnover - would grow as the company integrated imaging Technology, acquired for \$18.9m (£8.4m) last summer, and Randomat, the US controls business acquired for £37m in December. Profits in the electrical power business, however fell

from £4.41m to £3.5m as sales

of insulating equipment declined. Mr Poulter admitted it was a blemish on the results but said it had been balanced by improved figures in the two remaining divisions. Aerospace and defence increased to £4.54m (£3.35m) and filtration and specialised ceramics rose to £3.87m (£3.43m).

Earnings per share rose 21 per cent to 22.8p (18.9p), while the proposed final dividend has been increased from 4p to 4.75p, making 7p (5.9p) for the

• COMMENT

Fairey may have established its name as the power behind some famous aircraft, but it now derives most thrust from its high margin electronics division. Such is the cash generation in this business, that it expects to have paid down its debts by the end of the year and can then target other takeovers. In the meantime, rising demand for sensors and solid defence sales should lift profits to about £33m. Given those prospects and the group's growth record, the shares, up 3p at 389p, remain a worthwhile investment even on a premium forward multiple of 14.

Singer & Friedlander downturn

By Patrick Harverson

Singer & Friedlander, the diversified merchant banking group, yesterday reported a drop in pre-tax profits from £34.4m to £26.6m for 1994. However, excluding various

exceptional items in 1993 and last year, the group's profits rose by 10 per cent to £24.6m (£22.4m), a performance which analysts said was creditable given the difficult conditions in financial markets.

Behind the improvement in underlying profits was a jump in fee and commission income to £28.3m (£16.4m), which helped offset a big drop in dealing profits from £6.5m to £1.5m. Recently, the group has been switching the emphasis of its business from property and stock investments into developing fee-based businesses. On current conditions, Mr contributions from recent

John Hodson, chief executive, said Singer had made a "satisfactory" start to the year, but was cautious about the longer term outlook for 1995 and said the corporate lending market remained very competitive. However, he said the group

remained on the look-out for opportunities to buy into new businesses that would complement its core financial services operations. Last year, Singer completed several acquisitions, including

the commercial banking business of Credit Lyonnais Bank Nederland and a majority interest in Carnegie, the international broking group. Profits from merchant banking and investment manage-

ment rose only slightly to £16.3m (£16.1m), and Mr Hodson said growth in the bank's loan book, not including the

Fees from corporate finance rose, while the Collins Stewart stock broking businesses rebounded from a poor first half to achieve higher profits. Provisions for bad and doubtful debts climbed to £2.8m (£2.2m), and the group wrote off £3.8m, compared to just

securities. Singer's property portfolio, now valued at about £88m, contributed £4.4m (£4m), and the group earned £6.4m (£4.3m) from its 30 per cent stake in People's Phone, the provider of mobile phone services.

£520,000 in 1993, on its holdings

of longer-term fixed-income

Earnings per share were 9.57p (13.18p), and a final dividend of 2.1p makes a total of 3.5p (3p). Analysts forecast pretax profits of £38.5m for 1995, which would produce a multiple of 8.3.

Licensing deals help Scotia cut its losses

By Daniel Green

Higher sales and increased income from licensing deals helped cut pre-tax losses at Scotia Holdings, the blotech-nology company, from 26.4m to £3.6m for the year to December 31.

The company has applied to regulatory authorities in the UK, Ireland and Denmark to sell its most advanced cancer drug, EF13.

Further applications would be made, said Mr David Horrobin, chief executive, and the first applications for another drug – EF4 for a complication of diabetes called diabetic neuropathy - would also be made within the next three months. Mr Horrobin warned, how-

ever, that health regulators were "likely to come back with questions" because of the unusual nature of the drugs. Scotia specialises in using the chemistry of fats to make medicines, rather than the proteins usually studied by other blotechnology companies. It also has a nutritional business based on Evening Primrose Oil.

Research and development of Scotia's four next most important drug projects – in radiotherapy, cancer, arthritis and blocked arteries - were on track".

The company also listed another 16 products in early research and development it said could enter late stage irlals by 1997. They include products designed to treat cancers, arthritis, asthma, Alzheimers disease, schizophrenia and alcoholism. Turnover was £22.7m com-

pared with £19m in 1993. Sales and royalties from nutritional supplements and drugs accounted for £15.8m (£15.2m), with the balance coming from licensing deals. Mr Horrobin said that gov-

ernment pressure to cut the costs of treating skin problems which are not life threaten ing - had reduced sales in the dermatological sector. Research and development spending rose to £11.6m (£8.5m). The loss per share was 5.8p (12.5p). The shares rose 17p to 350p.

Expansion programme on target and margins up in second half to 24.1% Takare advances 41% to £21.1m By Motoko Rich

Mr Keith Bradshaw, chairman of Takare, the UK's leading nursing home group, yesterday said there were insufficient nursing homes to handle demographic shifts in the population, but that it was not Takare's role to "solve a national problem".

He made the remarks as the group announced 1994 pre-tax profits up 41 per cent from £14.9m to £21.1m.

Takare, which began constructing 1,770 beds last year at the top end of its target said it would continue to build 1,800 beds a year. "We might build a few more if we find some good sites," the chairman said. "But our role is to guarantee consistent quality at an affordable price. We can only

grow if we have the money for it and if we can manage it. Takare, which derives 50 per cent of its nurnover from statefunded customers, saw its earnings, which grew 5.8 per cent to 14.5p (13.7p), diluted by the impact of a rights issue in

September 1993. Because of the building programme, the company went from net cash of £10.1m on December 31 1993 to year-end net debt of 527m - gearing of 40 per cent. Mr Bradshaw said the company had 580m in committed five-year bank facilities. The profits were achieved on

turnover up 23.7 per cent to £90m (£72.8m). The group had 6,810 beds in operation, against 5.600 in 1993, with an occupancy rate of 97 per cent.

Margins improved in the sec-

from 23.1 per cent in the first half. Mr Bradshaw said the company had benefited from economies of scale.

Average revenue per bed was up 2 per cent at 5313 per week (£307).

In administrative expenses, the company included £210,000 in severance costs for Mr Deverok Pritchard, former managing director who was stripped of his executive duties last

A recommended final dividend of 1.5p makes a total of 2.3p (2.07p) for the year.

COMMENT The nursing home sector has

been under a cloud as investors have grown weary of an apparently unquenchable demand for equity capital. Takond half, up to 24.1 per cent are has said it believes it can

fund its planned rate of growth without recourse to shareholders, and its bank facilities appear to back up its claims That cannot be an indefinite promise, however, and meanwhile dividend prospects are moderate because the cash generated by the business is loughed into further construction. As the market leader. Takare may be able to postpone a rights issue longer than the smaller players simply because its size affords it more flexibility in seeking alternative sources of funding. On top of that, it has continued to deliver profits in line with expectations. On pre-tax profit forecasts for the current year of £25m to £26m, the prospective p/e of 12 may be a bit low but reflects the risks within

JIB expands 12% to £24.4m

By Ralph Atkins, Insurance Correspondent

JIB Group, the insurance broker in which Jardine Matheson has a majority stake, yesterday reported a 12 per cent rise in 1994 pre-tax profits from £21.8m to £24.4m, but its results were spoilt by the weak performance of a London market broker acquired late in

Nicolls Pointing, which specialises in placing US energy and gas risks, reduced JIB's profits by some £500,000. largely as a result of difficul-ties in finding underwriting capacity in London.

Financing the acquisition absorbed about £17m of a £20m rights issue launched by JIB in eptember 1993.

By Simon London,

Property Correspondent

Mr Nick Cosh, finance direc-

British Aerospace, which has

been concentrating its property

activities on business parks, is selling a portfolio of retail

and leisure properties for

The buyer is a private prop-

erty investment company headed by Mr David Aspin, for-

e Contratti - from 06.03.1995.

tor, admitted the group "regretted the price that we paid" for Nicolls Pointing. But the group would benefit from the high quality staff which has been merged with the rest of JIB. Mr Andrew Pitt, insurance analyst at Barclays de Zoete Wedd, said the acquisition had been "mistimed".

Also having a small negative impact on profits was Besso, which specialises in placing North American liability business. Besso has now been sold to its management.

Largely because of the dilution effect of the rights issue. earnings per share rose by only per cent to 11.5p. The dividend per share was unchanged

Group turnover increased by 6 per cent to £226.2m. helped particularly by new business

mer managing director of Bur-

wood House, a property joint

venture in which BAe retains a

In addition to its Burwood

House stake, BAe's property

interests are now concentrated

on the main business park

assets of Arlington Securities,

BAe said that the sale had

been achieved at a price close

which it acquired in 1990.

BAe completes non-core disposal

50 per cent stake.

in the Asia Pacific region where revenues were up 22 per cent on 1993.

Profits from the region also increased, despite the cost of relocating JIB's Asia Pacific headquarters from Sydney to Hong Kong and start-up expenses of offices in Vietnam and India.

Underlying growth in turnover, after adjusting for acquisitions and exchange rates, was 5 per cent. On the same basis, expenses increased by 2 per cent. Investment income fell from to £13.9m, against

Mr Rodney Leach, JIB chairman, said operating margins had been increased for the third year. "We anticipate further growth, particularly in the fast-growing economies of Asia," he added.

to the book value of the assets

It added that the deal com-

pleted its planned sale of non-

The largest properties being sold are the 280,000 sq ft Hay-

market shopping centre and the site of a former department

store in Leicester, and the

Boardwalk leisure complex at

Port Solent, Portsmouth.

at the last revaluation.

core properties.

on statement By David Blackwell

the sector.

Eurocamp

shares fall

Shares in Eurocamp, the tour operator specialising in self-drive camping holidays, fell 14p to 249p yesterday after Mr Tom Neville, chairman, spoke of tough market condi-

Mr Neville told the annual meeting that, in contrast to 1994, this year's campaign had been "characterised by a much more difficult market environment, particularly since the new year." His statement spoke of a marked reduction in summer holiday bookings at travel agents, of two small new self-catering businesses finding life difficult, and of Dutch bookings falling back.

However, the group's total bookings were showing a cumulative increase of lust under 10 per cent, and "we expect the business as a whole to progress and to achieve a atisfactory final result".

The tone of the statement puzzled City analysts. One described it as a crass piece of PR, asking why it was so nega-

City forecasts for this year stand at just under £10m. The group reported pre-tax profits of £8.65m (£6.25m) for the year to October 31 1994.

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Sime Darby Group

INTERIM ANNOUNCEMENT

HIGHLIGHTS OF UNAUDITED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 1994

	1994 RM	1993 Million
TURNOVER	4,652.3	3,913.0
PROFIT BEFORE TAXATION	482.7	419.7
EARNINGS	250.9	203.9
EXTRAORDINARY ITEMS	(33.6)	19.1
Per share - sen		
EARNINGS	12.2	10.6
GROSS DIVIDEND	3.5	3.5

Profit before taxation of RM482.7 million for the current six months was 15% higher than the previous corresponding period. Earnings increased by 23% while earnings per share improved to 12.2 sen.

CONSORZIO IRICAV UNO

General Contractor for T.A.V. Treno Alta Velocità S.p.A. for the section Rome-Naples

ABSTRACT OF CALL FOR BIDS NOTICE No. 11

The Consorzio IRICAV UNO, with headquarters in Rome, Via Tovaglieri, 17 - 00155 ROME - Tel. - 39 6/23.19.71 - Fax - 39 6/23.08.316, announces for and on behalf of the consortium member and assignee Società Consortile PEGASO, formed by the consortium members Ansaldo Trasporti S.p.A., Astaldi S.p.A., Consorzio Cooperative Costruzioni, the summary of the procedure for bids, according to Directive 93/38 EEC of 14.06.1993, for the assignment of the works for the realisation

of the "Galleria Massimo" (tunnel) and adjacent works. Place of work: Municipality of Zagarolo, Province of Rome. Method of adjudication offer of unitary prices according to Art. 5 of Italian law 14/73.

The offers should not exceed Lit. 26,000,000,000 (twenty six billion) excluding VAT.

Prevailing category A.N.C. (National Register of Constructors) The interested companies should send their offers of participation to arrive by 1 p.m. on 4th April 1995, according to the regulations of the Complete Call for Bids Notice which

was sent to the Publications Office of the European Community on 24th February 1995 and to the official journal (Gazzetta Úfficiale) of the Républic of Italy on 27th February Explanatory notes, as well as a copy of the complete call for bids are available to interested companies from the

headquarters of Consorzio IRICAV UNO - Ufficio Affidam CONSORZIO IRICAV UNO THE CHAIRMAN ing. Angelo FLORES

CONSORZIO IRICAV UNO

General Contractor for T.A.V. Treno Alta Velocità S.p.A. for the section Rome-Naples

ABSTRACT OF CALL FOR BIDS NOTICE No. 10 The Consorzio IRICAV UNO, with headquarters in Rome, Via Tovaglieri, 17 - 00155 ROME - Tel. + 39 6/23.19,71 - Fax + 39 6/23.08.316, announces for and on behalf of the consortium member and assignee Società Consortile PEGASO, formed by the consortium members Ansaldo Trasporti S.p.A. Astaldi S.p.A., Consorzio Cooperative Costruzioni, the summary of the procedure for bids, according to Directive 93/38 EEC of 14.06.1993, for the assignment of the civil works in reinforced concrete and movement of materials relative to: viaducts, buildings, interferences, cuttings and embankments.

Place of work: Municipalities of Gavignano and Anagni (Rome) Method of adjudication: offer of unitary prices according to Art. 5 of Italian law 14/73.

The offers should not exceed Lit 18,000,000,000 (eighteen billion) excluding VAT.

Prevalling category A.N.C. (National Register of Constructors) 6, minimum capacity Lit. 15 billion. The interested companies should send their offers of participation to arrive by 1 p.m. on 4th April 1995, according to the regulations of the Complete Call for Bids Notice which was sent to the Publications Office of the European

Community on 24th February 1995 and to the official journal (Gazzetta Ufficiale) of the Republic of Italy on 27th February 1995. Explanatory notes, as well as a copy of the complete call for bids are available to interested companies from the headquarters of Consorzio IRICAV UNO - Ufficio Affidamenti e Contratti - from 06.03.1995.

CONSORZIO IRICAV UNO Ing. Angelo FLORES

CONSORZIO IRICAV UNO

General Contractor for T.A.V. Treno Alta Velocità S.p.A. for the section Rome-Naples

ABSTRACT OF CALL FOR BIDS NOTICES No. 12-14-15 The Consorzio IRICAV UNO, with headquarters in Rome, Via Tovaglieri, 17 - 00155 ROME - Tel. + 39 6/23.19.71 - Fax + 39 6/23.08.316, announces for and on behalf of the consortium members and assignees CONDITAV SCRL and Società ICLA SpA the summary of the procedure for a round of bids, according to Directive 93/38 EEC of 14.06.1993, for the assignment of the civil called works and relative subsidiary and interfering works. railway works and relative subsidiary and interfering works; method of adjudication: offer of unitary prices according to Art. 5

of Italian law 14/73. CONTRACT No. 13: Consortium member and assignee CONDITAV S.C.R.L. formed by the consortium members and assignees Società Italiana per Condotte d'Acqua S.p.A. and Italstrade S.p.A. Assignment of the civil railway works and subsidiary works between the kilometric sections 73+607 and 75+816 consisting of movement of materials, structures (viaduct, underpass, walls and drains) interferences, roadworks and

Place of work: Municipalities of Ferentino, Morolo, Supino, Province of Frosinone The offers should not exceed Lit. 20,629,000,000 (twenty billion

six hundred and twenty nine million) excluding VAT.

Prevaiting category A.N.C. (National Register of Constructors) 6. CONTRACT No. 14: Consortium member and assignee ICLAS.p.A. Assignment of the civil railway works and subsidiary works between the kilometric sections 145+660 and 147+144 consisting of movement of materials, a viaduct an artificial tunnel, minor structures, interferences, roadworks, hydraulic

nstallations and a service building Place of work: Municipality of Mignano Montelungo, Province of

The offers should not exceed Lit. 20,510,000,000 (twenty billion five hundred and ten million) excluding VAT.

Prevailing category A.N.C. (National Register of Constructors) 6, untimited amount. CONTRACT No. 15: Consortium member and assignee ICLA S.p.A. Assignment of the civil railway works and subsidiary works between the kilometric sections 121+372 and 123+174 consum of movement of materials, five railway bridges, minor structures interferences.

structures, interferences, hydraulic installations and a service Place of work: Municipality of Aquino, Province of Frostnone.
The offers should not exceed Lit. 11,430,000,000 (eleven billion four hundred and thirty million) excluding VAT.
Prevailing category A.N.C. (National Register of Constructors) 6, minimum capacity Lit. 15 billion.

The interested companies should send their offers of participation to arrive by 1 p.m on 4th April 1995, according to the regulations of the Complete Call for Bids Notice which were sent to the Publications Office of the European Community on 24th February 1995 and to the official journal (Gazzetta Ufficiale) of the Republic of Italy on 27th February 1995.

Notice is given that the Consortium will adjudicate, in one sitting, the contracts relevant to the calls for bids 13-14-15, each object of a specific announcement

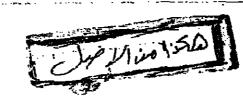
The adjudication will be made in the above mentioned numerical order and each Company will be assigned only one contract within the round. Explanatory notes, as well as a copy of the complete calls for bids are available to interested companies from the headquarters of Consorzio IRICAV UNO - Ullicio Affidamenti e Contratti - from 05.03 1995

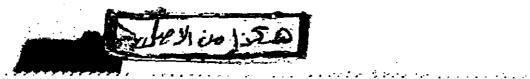
CONSORZIO IRICAV UNO THE CHAIRMAN Ing. Angelo FLORES



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COMMODITIES AND AGRICULTURE

Beef market stabilises as EU exports shrink

world beef trade.

Shrinking beef exports by the European Union have expanded opportunities for other beef exporters, and helped stabilise supplies and prices in the world market, according to a report published today by the World Trade Organisation.

The EU's beef and veal exports last year dropped below im tonnes for the first time since 1991, leaving it in second place to Australia as record 1992 level of 1.1m

By Frances Williams in Geneva the world's top beef exporter.

Shrinking beef around the following beef around the world's top beef exporter. The report, the latest in an almost a quarter of annual last year totalled 4.5m tonnes seem to be set for a "relatively conditions" seem to be set for annual series on international meat markets, predicts a further 17 per cent fall in EU beef exports in 1995, compensated by increased sales elsewhere. Reforms to the EU's Common Agricultural Policy also

120,000 tonnes by the end of

1994. This compares with the

led to a sharp fall in beef stocks, which reached a historic low of an estimated

the Uruguay Round global trade accords will expand export opportunities and strengthen prices. Just three markets - the EU. US and South Korea - are

scheduled to increase beef

in a special annex to the

report, the WTO says lower

trade barriers and reduced

export subsidies resulting from

or some 9 per cent of global production.

The global market for meat last year was characterised by large supplies of red and white meat and rising demand, especially in South Korea and other countries of east Asia, according to the report.

The WTO expects world meat output to expand further in 1995, with a parallel increase imports by nearly 1m tonnes in demand in line with eco-

seem to be set for a "relatively good year" in the international meat markets, the report says, though large US supplies could out downward pressure on

domestic beef prices. The International Markets for Meat 1994/95, (SFY25); and Special Annex: Summary of the Results of the Uruguoy Round in the Meat Sector, (SFr15). Available from WTO, Centre William Rappard, 154 rue de Lausanne, CH-1211 Geneva 21.

UK producers pedal uphill on the pig cycle

The sector is back in profit after 20 months of losses, but maybe not for long

fter about 20 months of A losses pig profit. It are back in profit. It losses pig producers has been the longest and most difficult dip in the notorious pig cycle that I can remember and I have been in the pig business since I was a teenager, well over 40 years.

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Inevitably many specialist pig producers have been forced out of business. That is how the pig cycle traditionally corrects itself. Unlike some sectors of agriculture pig farmers receive little European Union aid to help them survive such a period nor is their production controlled by quotas.

Market forces rule and now that Britain is part of a single market overproduction in fellow member states spills over into this country even more easily than before. That is one of the reasons why poor returns continued for so long.

The European pig herd has now been cut back, however, albeit modestly. Recent estimates suggest that on December 1 1994 (the latest assessment available) the number of pigs across the EU was down 3 per cent compared with the same date the previous year. In Britain there was a reduction of 3.9 per cent and in Germany, the biggest consumer of pigmeat, a drop of 7.7 per cent. In France, perhaps significantly because during the crisis French pig farmers received what was later judged as illegal aid from their government.

COMMODITIES DEICES



By David Richardson

pig numbers were marginally Producers throughout Europe have endured similar losses to those in the UK. Historically loss-making periods have seldom lasted more than 6 months. So, why did it take so long this time for pig num-bers to drop and for prices to

recover? One reason is that there are fewer pig farmers than there were - the result of previous dips in the cycle. Those that remain have bigger herds and are more committed. They cannot afford to get in and out of production as prices change. With the assistance of their bankers and their feed suppliers, who often agree to deferred payment terms, they hang on in as long as possible. Another reason is that many pig farmers are also arable

farmers and the last couple of But on July 1 the General years have been good for crops. agreement on Tariffs and trade Many such producers, our-selves included, have subsisettlement comes into force. It will reduce the volume of sub-

+3.2 385.7 385.0 3 -+3.0 388.4 384.1 61,631 28,248 +3.0 391.5 387.1 28,084 2,964

Precious Metals continued BE GOLD COMEX (100 Troy oz.; \$/troy oz.)

392.4 +2.9 395.0 390.9 18,817 395.9 +2.9 397.2 394.0 4,770 399.5 +2.8 401.5 398.2 12,813

ME PALLADIUM NYMEX (100 Troy oz.; S/troy oz.)

+1.5 425.5 420.0 14.201 +1.8 427.0 421.0 7,341 +1.8 426.0 425.0 1,781 +2.2 432.0 428.8 685 24,008

dised plg enterprises out of arable profits. Whether that was wise or foolish only time sidised EU exports to third countries - a device that has been used to help clear surplus will tell. But there have been stocks in the past. Should surtimes during the last 20 months when I have quespluses in excess of the Gatt reduced export allowances. tioned the wisdom of pouring build up again, they could only be exported at world prices, more money into the enterprise knowing full well the result would be a return of

about 80p for every £1 spent. What is needed now, by the pig producers who have survived, is a sustained period of reasonable profits during which we can recoup losses. However, the odds on that happening are not good. Forecasts by the Meat and Livestock Commission and others suggest only about a 10 per cent improvement in the average price for the year can be expected. But will even that happen? And if it does will it last?

Dig farmers can be their own worst enemies. When prices move into profit some will expand production significantly. This can be done very quickly. Keep a female pig for just a couple of months beyond slaughter weight, put her to the boar, and four months later you have a litter of perhaps 12 pigs. Five months after that those 12 are ready to go to market as meat. So the whole scene can change in less than a year.

which are not much more than half the UK level. Another bearish factor includes the fact that pig meat cannot claim top spot on the UK butcher's slab. Beef enjoys that position and although the beef market is in balance at present there are signs that it may be over-supplied before too long. Pig meat is always

sold at a discount to beef, so if

its price falls, pork can nor-mally be expect it to precede it

downwards. Faced with this uncertain future progressive UK pig farmers, supported by the National Farmers' Union and grant aided by Ministry of Agriculture, are investigating launching a national quality assurance scheme to differentiate their production and secure quality market outlets. This QA scheme will need to include agreed standards of housing, feeding and of course,

And therein lies yet another problem for some pig farmers - although not, I am pleased to say, ourselves. An estimated 38 per cent of British producers keep their breeding females in stalls or tethers. A few years ago, in response to the animal

SOFTS

III COCCA LCE (E/tonne

animal welfare.

GRAINS AND OIL SEEDS

110.55 +0.60 110.75 110.55 111.80 +0.65 112.25 111.80 113.00 +0.65 113.00 113.00

WATEAT LCE (£ per tonne)

welfare lobby, Mr John Gummer, the then minister of agriculture, announced that such systems of pig keeping would be banned in the UK from January 1 1999.

It was a unilateral measure at the time. Other EU member states later agreed to take similar action in 2005. Meanwhile many already bruised UK farmers are faced with the considerable outlay involved in converting to open strawed vards or similar and with funding the extra running costs of such systems, which I can confirm from personal experience. A survey conducted recently by the NFU and Pig Farming magazine revealed that this prospect had persuaded 15 per

cent of those farmers now keeping pigs to get out of the business before 1999 rather than spend the money. A further 28 per cent said they were still undecided. The NFU and others are

demanding that the chancellor of the exchequer grants tax concession or conversion premiums to help such pig farmers finance new buildings. If this is not done, the union says, UK production will fall 12 per cent, with an implied cost to the balance of payments of £232m a year. Furthermore there is no way, under EU rules, to prevent lower-cost pigmeat from other EU countries, produced under conditions which will be illegal here, from flooding our markets.

1004 4,588 13 1006 21,829 1,603

38,622 11,947 1373 1394 1412 6.872

'Encouraging' start for new Sydney wool futures contract

By Nikki Tait in Sydney

Trading began yesterday in a new deliverable wool futures contract on the Sydney Future Exchange, the only such contract worldwide.

According to exchange officials, business was fairly gentle at the outset, although they noted that there was some activity in contracts with August 1996 delivery and described the long-term nature of this interest as "encourag-

ing".
The introduction of the new contract is further evidence that some stability has returned to the wool market. Less than two years ago, the market was floundering in the face of some of the lowest prices seen this century, and the presence of the giant 824,000 tonnes stockpile that had built up in Australia - the source of about 30 per cent of world wool production - as the result of an earlier price guarantee system.

The turnround came in 1994, when European buyers returned to the market and Chinese purchasing intensi-fied. The 21-micron wool price rose by about 50 per cent dur-

newly-formed organisation charged with disposing of Australia's stockpile, to begin a regular fixed schedule of sales aimed at reducing the wool "mountain".

For the Sydney futures market, the introduction of the new contract marks a step back in time. The exchange was formed as the Sydney Greasy Wool Futures Exchange in 1960, and in 1973 traded almost 200,000 wool futures contracts, equivalent to about 3m bales.

However, activity in the wool contracts declined in 1980s, and after the reserve price scheme was introduced, the exchange decided to halt trading in deliverable contracts. A cash settlement contract for wool continued ~ and continues - to trade on the SFE, but interest has been very limited and volumes small.

The re-establishment of a deliverable contract was rec-ommended by the influential Garnaut report, published in mid-1993, which looked at ways to pull Australia's wool industry out of its crisis. The report noted that the most success-

ing the year overall, and this fully traded futures contracts allowed Wool International, a were those which allowed physical delivery, but stressed that the re-introduction of a deliverable wool futures contract would be dependent on the "means of providing confidence in the ability to deliver".

The new contract is for the greasy equivalent of 2,500 clean-weight kilograms of merino fleece wool with a fibre diameter of 21 microns. The contract months are February, April, June, August, Octobe and December up to 18 months ahead. The last day of trading will be the third Thursday of the contract month.

In general, stockpile wool will not be eligible for delivery because of the contract specifications The SPE acknowledged that this problem could be overcome if stockpile wool was repacked, retested and reappraised but said that the cost of this was likely to be prohibitive. Nevertheless, Wool International has lent support to the new contracts with its chief executive, Mr Bob Rich ardson, saying that it would be "a vital tool for risk manage ment in the wool industry" and should receive industry sup-

MARKET REPORT

Gold price reaches 4-month high

The London GOLD price between \$388 and \$392, there pound failed to impress the yesterday climbed to the high-est level since November 17 last year as investment fund buying was spurred by fresh US dollar weakness against the yen. It closed at \$385.50 a troy ounce, \$4 up from Friday's

"Some people may be starting to look at gold as a safe-haven again and not just as a cheap metal due to its relative value in currencies other than the dollar," one dealer suggested.

Having seen strong resistance at \$385 broken at last traders were beginning to map out higher ground. "If we can take out all the resistance

MEAT AND LIVESTOCK

III LIVE CATTLE CME (40,000bs; cents/lbs)

71.375 -1.000 72.550 71.200 40,724 65.400 -0.925 86.450 65.125 19,961 92,775 -0.600 63.475 62.500 7,553 64.375 -0.400 64.925 64.075 4,135

65.650 -0.225 66.175 65.500 1,822 66,650 -0.250 67.125 68.450 1,496

42.500 +0.200 42.675 42.150 42.550 +0.150 42.700 42.450

45,375 +0.675 45,400 44,875 45,925 +0.425 48,200 45,250 45,825 +0.200 46,000 45,125

43.200 +0.200 43.700 42.800 51.850 +0.250 51.850 51.700 50.000 - 51.200 50.800

147 98 62

40,000 40,005 40,425 36,350 11,815 3,711 46,850 40,075 47,200 46,750 10,132 8,700 45,200 40,125 45,550 45,075 2,325 479 41,950 40,075 42,350 41,850 2,357 241

7,738 2,771

131 151 173

will be an almighty battle at \$395," one said.

London Commodity Exchange robusta COFFEE futures retreated from a fourmonth high to close lower as early strength was undermined by profit-taking, a bearish tone in the New York market and

lack of concrete news from a

meeting of coffee producers in

The May delivery contract, which had touched \$3,348 a tonne in the morning, closed at \$3,271 a tonne, down \$26 on the

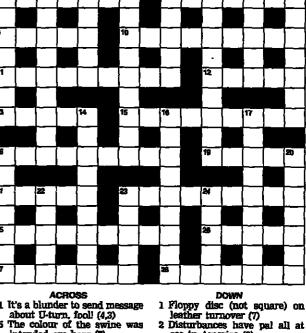
Suggestions that the producers might set a retention trig-ger of just above 160 cents a

market. "It was much in line with expectations," one trader said, but another thought it could be viewed as bearish. 'The market is above that figure at the moment and if they, in effect, set retention at 160 cents per pound it would mean that there is more coffee expected on to the market," he explained.

Last night the producers, grouped in the Association of Coffee Producing Countries, were finalising a communique on the outcome of their meeting, called to discuss price ranges for triggering retention of exports. Compiled from Reuters

JOTTER PAD

CROSSWORD No.8,710 Set by ADAMANT



sea in America (9) 3 Stick to the historic orient (5)

Dellas, perhaps (4,5)
5 Material resentment (5)
6 Innocent, till another suspect

7 Made a meal of an East Afri-

8 Deputy Lieutenant tried to

16 People who are stirred by

Australian canaries? (9)

before ten possibly (9)

fish, shared it out (7)

17 Will try out before midday

20 in a perfect scenario, friend will die horribly first (7)

swap the little one (7) Those in control yesterday in

France had pre-eminent year

Second pensioner

comes round (9)

can number (5)

ACROSS
1 It's a blunder to send message about U-turn, fool! (4,3) The colour of the swine was intended, we hear (7) 9 Fly from a shipwreck (5) 10 Not found guilty of having acted without leave (9)

First part of book has no time for the guard of honour (9) 12 Not over a pound, according to the key (5) 13 Demise of Parisian hat designing (5)

15 Whisk this country, for example, to the front, as a con-18 Pie odds are massaged by adventurer (9) Gives us his portion of fish (5) Everything comes back to top

23 Go to sleep camouflaged in 18 Took the plunge, caught the 25 A chick overbalanced in the German lounger (9) will die horribly first (7)
26 You and I'll follow final 22 Native coal taken out and left Olympiad live (5)

27 Held up for a day, looked 23 Tried to get a lot of animals round city (7) around (5) In the new style, we launched 24 Around midnight, journey to "With a Spoonful of Sugar"

Solution to Saturday's prize puzzle on Saturday March 25. Solution to yesterday's prize puzzle on Monday March 27.

COMMODIT	IES PRIC	=8
BASE META	LS	
LONDON ME (Prices from Amelger M ALLINAVIUM, 99.7	mated Metal Tr	ading)
	Cesh	3 mile
Close	1819-20	1880-61
Previous	1809-10	1845-6
High/low	1813/1812.5	1865/1847
AM Official	1812.5-13.5	1853-53.5
Kerb close	-	1868.5 -6 4.0
Open Int.	219,837	
Total daily turnover	117,862	
III ALUMINUM ALL	OY (\$ per tonne	<u> </u>
Close	1810-20	1835-40
Previous.	1815-25	1830-40
High/low	1795/1790	1835/1823
AM Official	17 90-9 1	1810-20
Korb rizon		1830-40

ELEAD (5 per tonne) 566-67 578-81 Close Previous High/low AM Official Kerb close Open int. Total delly turnover 37,533 8,412 MICKEL A per torme 7610-20 7875-85 7640/7630

7750-80 7810-20 7800/7720 7770-75 7720-40 Close Previous High/low AM Official 7610-20 Karb close 57,797 18,641 Open int. Total daily tumover A TIN & per torme 5560-61 5510-30 Clase Previous High/low AM Official 5485-90 5450-70 5480-70 19.528 6,708 K ZINC, special high grade (\$ per torne) 1044-45 1050-51 1054/1042 1043.5-44.0 1024-25 1015 1014-15 Karb close Open int. Total daily turnover 99,659 37,331

M COPPER, grade A & per tonne 2913-14 2896-97 2919/2903 2919-20 2900-902 2910-12 E LINE AM Official E/S rath: 1.5830 LIME Closing E/S rate: 1.5932 Spot: 1.5980 3 mibs: 1.5963 6 mits: 1.5920 9 mibs: 1.5875 HIGH GRADE COPPER (COMEX)

+1.60 140.28 138.39 5,875 +1.70 137.50 136.30 1,578 +1.10 135.45 134.20 23,455 +0.65 133.20 132.90 600 +0.30 131.70 130.60 5,357 5,475 25 1,339 3 8,167 130.90 +0.20

PRECIOUS METALS E LONDON BULLION MARKET (Prices supplied by N M Rothschild S orice

3

385.30-385.70 382.50-382.90 Morning fix 382.75
Afternoon fix 385.50
Day's High 387.00-387.40
Day's Low 382.50-382.80
Previous close 381.30-381.70 241.941 449,425 242,194 451,652

Loco Lan Mean Gold Lending Retes (Vs USS) 1 താണ് 4.47 3 months p/troy oz. 292.20 298.10 301.90 Säver Fix Spot 3 months 462.25 468.00 474.90 490.90 6 months 313.40 £ equiv. 245-248 \$ price 387-390 397.35-399.85 89-82 56-66

159.50 +1.25 161.50 159.50 189.00 +1.25 161.50 159.50 161.25 +1.25 161.75 159.50 SILVER COMEX (100 Troy oz.; Cents/troy oz.) 489.8 471.3 473.5 478.9 +12.5 +12.7 +12.7 +12.7 +12.7 +12.7 +12.7 +12.1 **ENERGY** EL CRUDE OIL NYMEX (42,000 US galls. S/barrel) +0.10 18.02 +0.07 17.99 16.61 17,84 59,159 48,932 Apr May Just Just Aug Sap Tutal 17,88 60,197 30,108 8 60,197 30,106 9 48,497 15,372 3 26,604 5,476 0 12,837 1,711 5 23,874 709 356,952 109,384 17.96 17.99 48,497 1.14 17.97 17.63 28,604 - 17.92 17.90 12,837 - 17.78 17.75 23,674 17.78 17.75 ■ CRUDE OIL IPE (\$/berrel) Lettest Bay's price change High Lover Int.
16.50 +0.04 16.55 16.45 55.987 16.49 +0.05 16.54 16.45 \$2.345 16.45 +0.07 18.53 16.45 15.990 16.39 +0.10 16.39 16.36 7,568 16.35 +0.04 16.37 16.31 3.076 198.151 IN HEATING OIL HYWEX (42,000 US galls; c/LS galls.) - 45.30 45.00 33.899 1 +0.09 45.00 45.55 25.608 +0.27 46.40 46.15 13.985 +0.22 46.85 48.75 11,150 +0.37 47.65 47.45 8.311 +0.47 48.65 48.30 4.141 1,176 646 259 28,997 E,311 4,141 120,514 4,573 1,157 434 255 2 110 145.25 146.50 148.25 +0.50 145,50 144,75 - 146,75 146,50 - 148,25 148,25 146.50 6,431 148.25 2,084 150.00 2,084 IN NATURAL GAS WMEX (10,000 mm8tu.; S/mm8tu.) -0.008 1,455 1,513 1.431 26.872

1.510 -0.004 1.513 1.557 -0.006 1.555 1.500 - 1.805 1.627 - 1.627 1,495 19,363 1,540 13,053 1,595 13,748 1,014 758 474 1,620 12,457 1,650 1,640 11,786 159,142 19,785

E UNLEADED GASOLINE NYTAEX (42,000 US galls.; c/US gells.) 53.55 51.75 23,978 20.282 53.50 +1.03 +0.85 52.75 52.84 20,330 1 +0.86 54.25 52.80 9.206 +0.80 54.30 53.80 6,007 +0.30 53.70 53.85 1,989 +0.07 52.62 52.62 2,176 52.84 20.330 14.940 53.70 +0.30 52.62 +0.07

339/4 890 70/4 339/2 27,014 9,685 325/0 25,538 3,627 331/0 2,235 152 342/0 2,468 340 349/0 45 -1,970 273 ស MAIZE CBT (5,000 bu min; cents/56tb bushel +2/2 241/2 259/0 5,935 1,780 +2/2 247/8 245/6111,955 14,210 +2/0 254/0 251/6 98,132 8,147 +2/4 257/6 258/0 18,067 994 +2/0 251/4 259/4 77,529 5,503 241/0 247/4 253/4 257/6 261/2 +2/0 268/0 296/0 8,111 BARLEY LCE (E per torne) 106.00 +1.25 - 106.25 +0.50 106.25 +0.50 106.50 106.25 98.75 +0.50 - 101.00 100.75 103.00 +0.50 103.05 103.00 35 SOYABEANS (ST 6,000bu mkr. contu/60to treates) 562/4 572/6 583/2 588/0 590/0 597/6 588/0 578/4 588/4 592/6 594/4 602/4 3,386 51,959 45,278 6,716 3,355 75,931 4,987 96 458 5 25.338 2,288 138,221 27,754 28.97 +0.29 28.92 28.40 7,444 27.49 +0.34 27.53 28.95 44,777 26.55 24,416 2,200 28.40 6,701 457 26.25 5,903 682 26.05 8,938 126 27.08 +0.33 27.09 26.53 +0.31 26.83 26.85 +0.28 26.88 26.48 +0.33 35.50 5 5,903 682 5 5,908 126 6 6,938 126 108,105 13,786 157.3 +1.5 157.3 158.5 1,514 180.5 +1.4 260.7 759.6 37,452 164.8 +1.2 165.2 164.1 27,721 168.7 +1.0 167.3 166.5 8,071 168.7 +1.0 162.3 168.5 6,372 170.5 +1.2 170.8 170.2 9,505 7,182 # POTATOES LCE (Crionne) -4.0 300.0 294.0 -1.5 346.0 340.0 296.5 348.9 250.0 105.0 FREIGHT (BIFFEX) LCE (\$10/index 2265 2220 1967 1960 2257 2200 1955 1938 676 886 962 145 2196 2196 BFI

+3 1017 1011 12,234 611 - 1020 1018 12,584 522 +1 1026 1022 14,184 121 +5 1042 1037 16,654 1,036 100.35 +0.20 100.80 100.35 255 101.40 +0.25 101.60 101.30 2,377 103.30 +0.15 103.85 103.30 483 1357 1385 1402 1421 1446 1468 May Aug Cet Dec May Total 381.5 366.4 335.4 326.8 320.9 اجر (مول

Tea
There was an improved demand this week
reports the Tea Broker's Association. Best
fiquently and coloury medium Africans wen
and a nonemally dearer rates. The isyons the Tea Broker's Association. Best figurating and coloury medium Africans were well supported at generally dearer rates. The remainder were very irregular but little changed on balance. The few Ceylons on offer were about steady. Outstelors: best available 160p/kg, norm good 126p/kg, good medium 115p/kg, medium 89p/kg, tow medium 82p/kg. The highest price reassed this week was 164p/kg. for a burundi pd.

TE COCOA (ICCO) (SDR's/tonne) S COFFEE LCE (S/tonne) 3320 544 76 3270 15,188 2,705 3206 8,157 1,551 3180 7,373 618 3160 1,270 322 3743 189 20 -27 3385 -26 3348 -28 3280 -12 3245 -24 3220 +20 3195 LONDON TRADED OPTIONS Strike price \$ tonne --- Calls --- --- Puts ---■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) 181.50 4.85 185.75 180.25 182.15 -5.80 187.50 180.25 183.15 5.40 188.50 181.80 183.75 5.40 188.75 183.15 183.15 -5.25 186.00 182.50 181.00 -5.50 384 18,762 8,428 4,773 1800 1900 2000 EF COPPER (Grade A) LIME 4,519 172 535 98 37,488 9,711 2700 E COFFEE (ICO) (US cents/bound) Price 171.82 Pres. day 169.28 163.06 I COFFEE LCE III No7 PREMIUM RAW SUGAR LCE (cords/bal New 14.91 +0.24 Jul 13.73 -0.02 Oct 12.58 Jun 13.25 New 13.25 Total
WHITE SUGAR LCE (\$/toyne) +46 3820 377.5 12.260 +3.7 367.0 364.5 8,594 +3.0 336.0 334.0 3,029 +2.3 327.3 325.0 211 -0.1 327.5 330.9 646 -0.1 321.0 320.8 221 22,984 ■ SUGAR "11" CSCE (112,000lbs; cents/lbs) 14.55 +0.17 14.59 14.46 58,028 12,888 12.18 +0.10 13.19 13.07 38,071 3,819 12.26 -0.02 12.38 12.38 34,708 4,908 12.19 +0.09 12.17 12.08 12,87 807 11.95 -0.08 12.00 11.95 3,250 297 11.74 -0.11 11.85 11.74 3,186 157 E COTTON NYCE (50,000bs; cents/bs) 79,84311,433 M ORANGE JUICE NYCE (15,000/bs; cents/be) 97.96 -0.35 97.95 97.00 172 101.20 -0.70 101.90 100.50 14.212 105.00 -0.75 106.00 104.90 5.240 108.50 -1.00 108.75 108.50 4,054 108.00 -1.50 - 1,973 110.00 -1.45 111.00 110.00 1,222 173 76 4 1 27,060 1,056 Open interest and Volume data shown for contracts treded on COMEX, NYMEX, CST, NYCE, CME, CSCE and IPE Crude Oil are one

INDICES ■ RELITERS (Base: 18/9/31=100) Mar 13 Mar 10 month ago 2333.5 2257.7 E CRB Futures (Base: 1967=100)

month **ago** 233,41

Mar 10 234.09

year ago 227.34

1025 امل 55 36 22 IN BRENT CRUDE IPE LONDON SPOT MARKETS W CRUIDE OIL FOB (per barrel/Apr) -0.005 -0.150 -0.050 +0.080 \$16.27-6.33z \$16.32-6.34 Brent Blend (dated) Brent Blend (Apr) W.T.I. (1pm est) \$16.52-6.54z \$18.07-8.09 III OIL PRODUCTS NWE prompt delivery CIF (tonne) 5171-173 Ges Oil Heavy Fuel Oil Naphths Jes tuel \$107-109 \$175-176 \$157-169 \$149-150 0171) 359 8792 Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz.) Paliadium (per troy oz.) 472.50c \$421.75 \$159.50 +2.90 +2.75 Copper (US prod.) 143.0c +1.0 Lead (US prod.) Tin (Kuela Lumpur) Tin (New York) 41.75c 13.99m 260.50c +0.01 +0.33* +3.11* Cattle (live weight)† 121.33p 125.42p Pigs (live weight) +1.84 Lon. day sugar (max) Lon. day sugar (wta) Tate & Lyle export \$357.8 \$382.5 +0.5 +3.0 £341.D Sariey (Eng. feed) Make (US No3 Yellow) Wheat (US Dark North) £105.0a +1.0 2141.0 2185.0 Pubber (Apr)® 120.25p Rubber (May) P Rubber (KL RSS No1) 120.25p 458.5m +1.25 +1.0 \$652.5y \$692.5z Coconut Oil (Phill)§ Palm Of (Malay.)§ Copra (Phil)§ \$416.0y £166.0v Sovabeans (US)

112.90c 522p

r ringgeting, m Meteyalen centaring, a Aprillum z Apr. y Me Apr. q Oct/Dec V Landon Physical. S CEF Restartum. I Bullion market close. A Shoop (Livia weight prices). Change on week © Prices are for provious day.

Italian prices slide on political worries

By Graham Bowley in London and Lisa Bransten in New York

Italian government bonds fell sharply yesterday over continued political worries and further weakness of the lira.

Signs of division among Italy's opposition parties threw doubt on any future government's ability to tackle the country's fiscal problems and unsettled the bond market.

Attention is now on the mini-budget, which is expected to receive its final vote of approval from parliament today. However, analysts said most of the news on the budget is already discounted and pension reform, also crucial if the government is to reduce the fiscal deficit, remains a longer-

term concern. "There is room for some pos-itive news on the mini-budget and on pension reform but the reality is that Italy faces some serious political problems which jeopardises the government's ability to make serious inroads into the budget deficit," said Mr John Hall at SBC.

The Italian June futures contract on Liffe fell by 1.02 to settle at 92.84. The yield spread over German government bonds widened out to 623 basis points from 602 points at the eginning of trading.

■ Spanish bonds were also dragged lower by political worries, with the June contract on the Spanish futures exchange down 0.25 to 81.25.

■ Other European bond markets were subdued, with dealers waiting for key US data Fewer than 55,700 German bund contracts and 22,700 UK gilts contracts were traded on

German government bonds moved down slightly but ended above their lows for the day. The Germany yield curve continued to steepen, with the short-dated end outperforming as investors continued to seek the safety offered by such maturities, according to Ms Ros Lifton of Dalwa in London.

"After interest rate hikes in some European countries last week, some investors are betting on the Bundesbank cutting German interest rates at Thursday's meeting," which is also causing steepening of the

The euro-D-Mark contract on Liffe has rallied in recent days. shedding about 20 basis points

GOVERNMENT BONDS

in vield terms, as investors anticipate a German rate cut. However, Ms Lifton said that the Bundesbank is unlikely to cut interest rates.

■ UK gilts ended broadly unchanged with economic data, showing a lower than expected rise in producer prices, having little effect. Domestic institutions continue to support the market when it falls to lower levels, although it lacks momentum

at higher levels, said Mr Simon

Briscoe, of SG Warburg.

French franc weakens mark-edly, the spread is likely to remain at these levels until the forthcoming general election.

■ French government bonds

bunds broadly stable at around

84 basis points. Ms Nathalie Fillet, at Paribas

in Paris, said that, unless the

■ US Treasury prices were mixed yesterday morning as investors awaited economic news due later in the week and speculated about the future course of monetary policy. At midday the benchmark 30-year Treasury Was

unchanged at 101提 to yield

7.456 per cent. At the short end

of the market, the two-year

note was up 3 at 100%, yielding 6.752 per cent.
Later this week, important data will be released on producer prices, consumer prices, industrial production and

capacity utilisation.

The market has rallied recently as traders have bet that the economy was slowing

without the need for another fell back in subdued trading interest rate increase, but anathe rest of this week as investors wait for more signals about inflationary pressures. Some are worried that the

Federal Reserve might raise rates to shore up the currency, but press reports yesterday said a majority of Fed governors were hesitant about more monetary tightening. The yield curve, which maps

the yield spread between twoyear and 30-year Treasuries, steepened from 65 basis points late on Friday to 70 points. A steepening curve usually indi-cates that the market expects economic growth, but much of the recent steepening has been attributed to traders unwinding positions held since earlier this year.

The market largely ignored the dollar's continued slide against the Japanese ven and the D-Mark. A declining dollar is usually detrimental to the bond market because it deters foreign investors from buying

Gap revealed in emerging markets learning curve

For executives at the major futures and options clearing houses in the US and London. the Barings crisis recalled les-sons learned in February 1990. when Drexel Burnham Lam-

bert went under. In that instance, as with Barings, customer positions and margin monies were quickly transferred out of the failed firm's accounts and into stronger hands.

Customer capital and the integrity of the clearing houses were never in danger in either instance.

The process of transfering "live" derivatives positions and their accompanying margin funds from insolvent to healthy firms has been so carefully refined over the last few years that exchange customers in the US and the UK have come to assume that these procedures are uniform around the globe.

In fact, however, the proce dures are particularly Anglocentric, and have been learned from hard experience in countries where organised futures markets have been operating

for more than a century. In emerging markets, where futures trading is new but already booming, the Barings situation highlighted a gap in the learning curve, and pricked the one area of global finance where a lack of uniformity in business practices could have created substantial systemic

US and UK futures firms. confident in the efficiency of the US and London clearing houses, were surprised to find that their customer funds at the Tokyo. Singapore, and Osaka exchanges had been frozen by the Barings administra-

The situation briefly recalled the London tin crisis of 1985 (The London Metals Exchange at that time did not have a clearing house) where customer positions were frozen for as long as six months, and the

subsequent litigation lasted for

vears. With ING having stepped in to relieve the situation, futures firms, their regulators, and exchange clearing houses are now looking for ways to standardise crisis procedures

worldwide. Their first opportunity to discuss the aftermath of Barings face-to-face will be this week in Florida, at the annual meeting of the Futures Industry Association.

DERIVATIVE INSTRUMENTS

"Quite clearly laws, rules, and regulations [with regard to bankruptcies] need to be made harmonious so that customer money is protected," says Mr Eric Bettelheim, a partner at the London law office of Rogers and Wells.

Mr Bettelheim was employed to educate the Barings administrators on the urgency of releasing Barings' customer positions at futures exchanges

"Customer assets should be segregated and procedures should be in place for the rapid appointment of a trustee whose sole interest is to protect customers and who has the authority to move money and positions so that customers do not become involved in what could become a prolonged settlement process," said Mr Bettelheim.

The clearing house executives who supervised the fallout from Barings agree that far more open communications between exchanges and their regulators would help the next

time around. "These are the '90s." says Mr John Hyatt, head of the Chicago Board of Trade clearing house, "there is a high chance these days that if a firm goes down, it will have been operating in a number of regulatory

Although nearly everyone drawn into the Barings crisis has their own laundry-list of futures reforms, it appears that the global trend toward exchange linkages will be the best medicine for the next criSolid ma

In the Baring's situation, the Chicago Mercantile Exchange's 10-year-old link with the Simex allowed Kathryn Meyer, chief of the CME's clearing house, immediate access to Singapore and gave her a means of intermediating for CME member

firms caught in the crisis. Similarly, a history of co-operation between the US Commodity Futures Trading Commission, the UK's SIB, and Japanese finance authorities sped up the communications process between regulators.

In the UK, where links are being contemplated between the IPE and Simex for Brent crude oil futures and between Liffe and the Tokyo International Financial Futures Exchange for Euroyen futures, and where joint ventures with Chicago are perennially discussed, co-operation between clearing houses can only do good, says Mr David Hardy. chief executive of the London Clearing House.

Not only do such links lead to more uniform regulatory standards and open up commu nications he says, but in the places where they span timezones, they relieve market pressure during times of crisis. "Despite the competitive con-

siderations between exchanges people are beginning to look at linkages in a more enlightened way," says Mr Hardy.

"When they serve to lengthen the trading day [as with the IPE and Simex proposal], they reduce market pressure in unusual situations," he says. "The resulting volatility would be less for clearing houses as well as

Laurie Morse

42.5

The second second second DOMESTIC TO BE

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Valencia asks for bids on D-Mark deal Canada to tap loans market for US\$5bn

By Graham Bowley

Canada is to borrow US\$5bn on the international loans market in a deal arranged by Citibank Citibank is said to have been mandated to bring the loan facility and the terms are expected to be announced over

the next few days. Citibank arranged Canada's current \$4bn three-year credit facility in late 1993, which carried a standby fee of 5 basis points and an all-in borrowing cost of 10 basis points over the London interbank offered rate. The 1993 loan refinanced a

83bn revolving credit facility set up in 1978 and refinanced usually every two years. The loan will include provisions for dual currency drawings, observers said.

WORLD BOND PRICES * * *

97년 107년 117년 105년 91년 104년 106년 11년

BENCHMARK GOVERNMENT BONDS

By Martin Brice

The Spanish region of Valencia is planning a D-Mark floatingrate note issue. It has asked 35 banks to bid for the deal, and a decision is likely later this week, syndicate managers said.

INTERNATIONAL BONDS

The issue is likely to be around DM250m, and will probably be swapped into Ecu. The bond is expected to give Valencia D-Marks at a double-figure margin over Libor.

When it comes, the deal is likely to provide the euromarket with some much-needed action. Arbitrage opportunities have been severely limited by swap spreads remaining very

Day's Week Month change Yield ago ago

SS FRANCE Crédit Loral de Frances 102.40 May.2000 ITALIAN LIRE BNG(a) 100.00 Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unit R: fixed re-offer price; fees shown at re-offer level. a) Long 1st coupon.

NEW INTERNATIONAL BOND ISSUES

short end tightened slightly yesterday and syndicate managers said spreads now need to widen very considerably before arbitrage opportunities are sufficient for borrowers to return to the bond market.

Yesterday was very quiet, but late in the day Bank Nederlandse Gemeenten, the AAA rated Dutch municipal finance

E BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

cent coupon via SBC, which said the issue was aimed at retail Italian buyers, but there had been some institutional interest. The proceeds are believed to have been swapped. Shinhan Bank, the South Korean bank, has signed a \$1bn euro-commercial paper programme arranged by Lehman Brothers. Notes under the progra<u>mm</u>e wili have a

8.96 12.15 10.70 10.55 8.46 9.23 10.04 4.29

100% 107 140% 128 32½ 114% 131 125½ 117½

■ IBCA, the London-based European credit rating agency, has reaffirmed the AAA rating of Norway, citing its impressive economic performance, writes Karen Fossli in Oslo.

The agency noted that Norway is the only country in Europe, apart from Luxembourg, which fully meets the European Union's Maastricht economic convergence criteria.

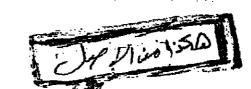
		INTERES	ועאו ני	CES											
rice Indices IK Glits	Mon Mar 13	Dzy's change %	fa Mar 10	Accrued enterest	ಸಚ ಡ≕ೈ. - ೪೪ ಕ		Low Mar 13	coupon Mar 10	yfeld Yr. ego	- Medius Mar 13	m coupoi Mar 10	ylekt - Yr. ago	High Mar 13	COUPOR Mar 10	yfeici - Yr. eg
Up to 5 years (24)	118.62	-0.02	118.65	1.53	2.53	5 yrs	8.67	8.54	6.59	8.68	8,67	6.79	8.85	8.63	8.90
5-15 years (21)	138.61	-0.01	138.99	1.34	2.93	15 yrs	8.57	5.57	7.29	8.69	8,68	7.38	8,69	8.90	7.64
Over 15 years (9)	154.17	+0.05	154.10	1.08	4.05	20 yrs	8.53	8.53	7.40	8.69	B.68	7.39	8.B1	8.81	7.65
	176.80	-0,31	177.34	2.6€	1.47	Irred.1	8.59	8.56	7.50						
	135.68	-0.01	135 86	1.64	2.96										
ndex-linked			_						on 5% 10 Yr.				n 10% 10 Yr.		
Up to 5 years (2)	189.45	+0.10	189.25	0.52	1.45	Up to 5 yrs	Э.	77 3	81 2	.62		47 2	51 1.	77	
Over 5 years (11)	173.24	+0,04	173.17	2.65	1.15	Over 5 yrs	3.	95 3.	.95 3.	29	3.7	76 3.	76 3.	12	
All stocks (13)	174.00	+0.04	173.32	0.57	1.17	- •									
verage gross redemption yields	an ahnu	n show Couch	n Rance Lo	w castan	Marin Tr. 59	S'05S' Helt	11% and	over, + Fla	c weed we	Year to d	late.				

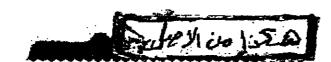
FT FIXED II	ITERE	est (1	iDiCi	ES					GILT EDGED AG	TIVITY	INDICES			
					Mar 7	Yr ago	High.	Low"		Mar 10	Mar 9	Mar 8	Mar 7	Mar 6
Govt. Secs. (UK) Fixed Interest	90.89 109.34	90.22	90.53 108.99	90.53 108.77	90.35 109.16	109.09			Gilt Edged bargains 5-day average	151.3 129.3	207.9 116.9	109.6 93.2	100.6 94.0	77.4 93.8
	Stand Interest 109.34 109.29 108.99 108.77 109.16 121.68 133.87 108.50 5-day average 129.3 116.9 93.2 94.0 93.8 for 1994%, Government Securities high since complication; 127.40 (91/35), low 49.18 (31/75), Fixed Interest 1995 arise complication; 133.87 (21/194), low 50.33 (31/176), Basis 100: Government Securities 156 and Fixed Interest 1908. SE activity indices reference 1974.													

	Coupon	Date	Price	change	Yield ago	9 9999 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Price	Apr	May	Jun S	ep Ap	or Ma	in in in	\$ep
Austria	9.000	09/04	93,2100	-0.690	10.:3 10.3		9050	Ø.38	0.89 0	.93 1.	D 0.3	2 0.83	9 D.87	1.49
Austra	7.500	01/05	99.1000	-0.070	7.63 7.63	3 7.70	9100	0.17		1.69 0.1				1.78
Belgum	7.750	10/0-	96.3400	-0.030	8.31 8.29 8.55 8.91		9150	0.06		1.50 0.1				
Canada * Denmark	9.000 7 000	12/04 12/04	102.9000 86.2500	-0 600 -0.720	8.55 8.91 9.19 8.95		ESP. VOL 103	H, COME /314	Puts 6201. P	JOHNSON ORAL	iobiliu kur'	Caus 14113	a =us 1100	22
France 6TA	000.5 ISA	05/38	101.0900	+0 050	7.59 760	7.27	Italy							
	AT 7.500	04/05	95,2300	+0 020	8.20 8.13			NAL ITAL IA	AN GOVT. 8	OND ÆTP	FUTURE	S		
Germany Bund Ireland	7.375 6.250	01/05 10/04	100 0000 82,2500	+0.030	7.37 7.35 8.81; 8.86				100ths of 1		,			
Italy	9.500	01/05	80.3800		13.11 13.05			Open	Sett price	Change	High	LOW	Est. vol	Open int.
Japan No 1		06/99	105.1410	-	3.47 3.57	7 4.00	Jun	93.68	92.84	-1.02	93.74	52.48	34029	49207
No 13		09/04	103.7740	-0 529	4.05 4.21		Sep	33.00	91.84	-1.02	30.17	-	0	37
Netherlands Portugal	7.750 11 875	03/05 02/05	101.5200 99.2500	-0 030 +0.650	7.53 7.54 12.00 11 66			I GOVE BE	OND (STP) F		SHOUTON !	N IEEEA I 🗝	_	
Spain	10 000	02/05	87.0000		12.31 12.23			10011.0			×			013 GF 100.0
Sweden	6.000	02/05	69.7950		11.20 11.09		Strike Price		CALI	Sep		المال	PUTS ~	Sep
LIK Gitts	6.000 8.500	08/99 12/05	90-21 98-27	-2/32 -4/32	8.60 8.56 8.67 8.66		9250		2.24	2.56		1.90		3.22
	9.000	10/08	102-25	-4/32	8.65 8.65		9300		1.98	234		2.14		3.50
US Treasury	7.500	02/05	102-04	+15/32	7.20 7.45	5 7.59	9350		1,72	2.14		2.38		3.80
	7.625	02/25	101-31	+15/32	7.46 7.61		Est. vol. tota	u, Casa 3229	Puts 1965. P	revious day	s open int.,	Calls 31279	Puts 20584	I
ECU (French Govt	-	04/04	83.4100	-0.200	8.71 8.50 Yekte: Local m									
London closing, "Nes † Grass ûncluding w			ont omable			Charact Services	Observ							
Prices. US, UK et 32				0,		4S Insumetions	NOTION	NAL SPANS	SH BOND F	UTUARS (ABT)			
								Ореп	Sett price	Change	High	Low	Est. vol.	Open int.
US INTERE	EST RAT	E\$					Mer	81.52	81.82	-0.29	81.85	81.35	47,615	11,490
Lunchtime			Treasur	ry BOBs and B	lood Vields		JUN	81.10	81,28	-0.25	81.32	80.75	26,746	39,712
)ne momth		·)	6.77	UK							
Printe rate	9 1	wo month		5 92 Thn	ee year	6.90	■ NOTICE	NAL UK GI	LT FUTURE	S (LIFFE). S	50,000 32:	nds of 100	96	
Broker (pap rate Fed. kinds	513 5	îree monti Az montii		5.93 Res 6.21 10-	: 1681 1681	7.03 7.20		Open	Sett price	Change	High	Low	Est. vol	Open int.
Fed hands of intervents	ton	ine year			year	7.48	Mar	101-00	101-13	-0-01	101-13	101-00	992	Open IIII. 16583
							Jun	101-16	101-17	-0-02	101-21	101-04	22842	76031
									RES OPTIO					
							Strike		CAL	_ -			PUTS -	
						•	Price	Apr		Jun Si	ер Ар	r May		Sep
BOND FUT	TURES A	ND OP	TIONS				101	9-61	•	-49 2-2		_	•	1-53
	JIN M						102	0-27	0-57 1	-15 1-6	31 O-5	7 1-23	1-45	2-21
							103	0-09		-53 1∹	_			2-58
France							Est. vol. tota	al. Calls 1589	1 Puns 3105. P	LENIONE CENT	copen int.	Calls 29202	Pubs 45784	1
E NOTIONAL FR	DOMEN DOM		O DAATIES				Ēcu							
								Wan prove	res (Matif)					
Op	-				_	-	■ 600 B		<u></u> :					
Mar 110.								Ореп	Sett price	Change	High	LOW	Est. vol.	Open int.
Jun 110. Sep 110.						110,454 5,001	Mar	80.64	80.56	-0.28	80.64	80,54	605	1,644
Sep 110.					- 109	5,001	Jun	80.60	80.62	-0.18	80.66	80,54	1,35\$	6,978
			140 MWIII	<u></u>										
Strike Price	Apr	ALLS Jun	Sep	Abr	PUTS Jun	Sep	US	16m						
109	1.72	-		0.24	0.80	э ф	US THE	ASURT BC	OND FUTUR	BB (CB1) \$	100,000 32	mas of TUL	7%	
110	1.00	-		8.49	1.12	1,79		Open	Latest	Change	High	Low	Est. Vol.	Open int.
111	0.47	-	-	0.96	-	-	Mar	103-26	103-25	-0-04	104-00	103-21	42,080	100,615
112		Q.68	-	•	-	-	Jun Sep	103-08 102-25	103-07 102-24	-0-04 -0-06	103-15 103-00	103-03 102-22	568.955 1,503	259,219 12,584
113 Est. sol. total, Calls		0.37	- ins dw's	non int Call	130 613 D-A	189 540	P	:02-20	105-24	~-00		105-22		
EST. SOL TOURL COM	13,9/4 Pulb 20	Ç490 . Man	nes only a of	JAN 14. CAN) IQUALA PUB	100,000	I							
_							Japan							
Germany	-								TERM JAP		VT. BONE	FUTURE	S	
MOTIONAL GE	erman bun								oths of 100%		<u> </u>			
Ope	en Sett pri	ce Chan	ge High	h Low	Est. vol	Open int.	_	Open	Close	Change	High	Low	Est. voi	Open int,
Jun 90.0		-0.07		5 90.41		155384	Jun	111.55	-	-	111,77	111.55	2355	D
Sep -	90.11	-0.07	<i>,</i> -	-	0	1718	. TIEF JOHN	169 6790 page	ed on APT, All	Obev Intere	st figs. Sre 1	or previous	day.	
UK GILTS	PRICES													
ينكبا ماينينسيوهييه	يت بينيات خاصي	والأناف فيسمور				الوالة المساحد							التباكسي	أوالكاليبساهار
			_	coare			Wasar .		wee.			Mar -		
	Heli Hotes int	d Red Price €		994/95 h Low		Notes in	.Ylend Red Priga Σ +		4485 <u>_</u> ليونا		Notes (1	_11960) (21 Pric	-u+ 1s	1994/95 Higds Liter
														
Shorts" (Lives up to F Each 3pc Gas 1990-95	Phro Years) 5 3.02 ·	8.86 99.4	- <u>J.</u> 103	Հե 97-%, Tre	twendon 91 ₂ pc 2 tas d lupt 2004‡			+3 1252 +3 1054	101 1 bades 84 2pc	-Linted '96	(6) (67.8) 20	6 3.69294	41 2 mi +2	20412 19722
1014.0C 1985	10.13	5.65 m 🔏	-3 107	g 101&	8 ½pc 3005†‡.	8.60	B.85 98 <u>13</u>	+∆ 100∄	97 45 6 5	c '96 ‡‡(1	35.6 28	5 3.81 1	湖 孝	20413 19733 11343 1054 1764 16312
Treat 12 kpc 1995##	12.29 ! 13.25	5.92 1034. 7.08 10533	-1 113 ⁵	%, 1053%, Co d. 10538 Tm	nv 9 ½ pc 2005			+ ¹ 8 125 ¹ 2			(78.3) 3.5 (78.5) 3.8		6234 16234	1767a 1637a 1735a 1593
15 Lpc 199011	14.08	7.33 106 ¹ 2	121	经 108% "	tas 12½pc 2003 / 4pc 2008##	⊢5 10.26 8.31		+3-1432 +3-11233	901 44	c '04#	35.6) 3.6	2 3,93 1	CB43	118% 1074
Back 134pt 1998#		7.46 106 ³ s 7.83 103/4	117 <u>]</u> 	19 1064 7 1003	oc 2002-8##	8.44	8.70 944.1	— <u>৳</u> 117%	9143 2230	'06 c '09	(69.5) 3.6 (78.8) 3.7	8 3.93 1 3 8.94 1	687 52 ₁ + ₄	18441 1851 1881 1491
Conversion 10pc 1996 Treas Cav 7pc 1997##		15 97 ¹ 2	100°	17 14-12	tes 114pc 2003		2 9.02 114월	–& 138 <u>&</u>	1123, 232	c 71	749 17	8 3.96 1	574	175% 154%
	7.18	BO1 10833	-1 1216 -2 114	년 198년 ^{[18} 공 1943 - ¹	1912 pc 2007 : 1312 pc 2004 - 8.			+쇼 119년 +쇼 151년	8593 21 ₂₀	e 43	(89.2) 3.7 (81.6) 3.7	8 3,95 1	29년 37년 ∔4	
Trees 133-upc 1997#	7.18 12.17	204 1047	-14 FIRST		es 9pc 2008 ##	A70	8.64 102 G m	+-L 12412	99년 ²¹ 27	c '20	63Ú) 3.8	0 3.9413;	2245	15233 12812
Each 10120; 1997	7.18 	8.04 104 <u>2</u> 8.28 19023	- <u>J.</u> 110,		ses 80c 2009			-12 175%	91 (3 21 ₂ 9	c 24#	97.7) 3.8	0 3.92 1	004 + <u>3</u>	1294 1983
Pacts 10 ¹ 20¢ 1997 Treats 8 laps; 1997 Each 15pc 1997	7.18 12.17 10.08 8.57	8.04 1042 8.28 1903 8.35 115 <u>2</u>	-1 110, -1 131]	13 11412 Tre	30 Ohr eWs ***				9460			9 764 .	mal ?	1001
Pacts 10 ¹ 20; 1997 Treats 8 laps 1997## Each 15pc 1997	7.18 12.17 10.08 10.08 13.01 13.01	8.04 1042 8.28 1903 8.35 1152 8.45 1034	+5 198	13 11415 Tre 21 10213	20 Opt 4000				Prosp	ective real r	35.1) 2.8 edemption (rate on proj	064 ₁ +∆ ected inflatio	128 Å 1057 on of (1) 10%
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Parts 101-pt; 1997	7.78 12.17 10.08 8.67 13.01 9.45 7.48 # 7.08	8.04 1042 8.28 1003 8.35 1152 8.45 1034 8.45 9643 8.46 952 8.56 1144	+5 198	1141 TR 11 1021 1 954 12 934 1 1148	-				Prosp and i incless reflec	elictive real r (2) \$96. (b) ing (le B mo t rebesing (edemption Figures in nths prior t of RPI to	rate on proje parenthes to besue) and 100 in Feb	1984 +	12811 1057 on of (1) 10% 3P1 beas for adjusted to
9xt 10 ¹ -pc 1997— Trans 8-pc 1997; Trans 8-pc 1997; 9xt 1997; 9xt 1998 Trans 7-pc 1998; 14pc 1998— 14pc 1998— Trans 15-pc 984; Part 1990 1998	# 7.18 12.17 10.08 8.67 13.01 9.45 7.49 # 7.08 12.20 12.82	8.04 1042 8.28 10031 8.35 11525 8.45 1034 8.45 964; d 9.46 952 8.58 1144; 8.50 12033: d 8.61 11033		11421 11021 12 931 12 931 13 1204 14 1204 14 1204 14 1204 14 1204 14 1204	ur Fizhon Yest		, 852 2 27		Prosp and index reflect factor	elictive real r (2) \$96. (b) ing (le B mo t rebesing (edemption Figures in nths prior t of RPI to	rate on proje parenthes to besue) and 100 in Feb	1984 +	128] 1057 on of (1) 10% 37 bose for
Exch 10420: 1997 These \$4.pc 1997 Exch 15pc 1997 Supp. 1998 Tress 54.pc 1995 14pc 1996 14pc 1996 14pc 1996 14pc 1996 14pc 1996 14pc 1996 Exch 15pc 1984 Exch 15pc 1984 Exch 15pc 1984 Exch 15pc 1985 Exch 15pc 1995	2.17 10.08 12.17 10.08 10.08 13.01 9.45 7.49 12.20 12.20 12.82 12.82	8.04 1042 8.28 1903 8.35 1152 8.45 1034 8.45 964, 8.46 954 8.58 1144 8.50 12032 8.67 11033		13 1142 Tre 11 10213 12 9313 12 9313 1143 1203 1003 Tre 1003 Tre	-	7.77		+4 984 +4 1284	Prosp and index reflect factor 7712 0.	elictive real r (2) \$96. (b) ing (le B mo t rebesing (edemption Figures in nths prior t of RPI to	rate on proje parenthes to besue) and 100 in Feb	1984 +	1281 1057 or of (1) 10% 3Pi base for adjusted to
Both 10-20: 1997— Trees 8-laps 1997— Park 15pc 1997— 9-laps 1998— Trees 7-laps 1998— 14pc 1998— 14pc 1998— 14pc 1998— Evan 12pc 1999— Evan 12pc 19pc 19pc 19pc 19pc 19pc 19pc 19pc 19	7.78 12.17 10.08 8.57 19.01 9.45 7.49 12.20 12.82 12.82 12.82 14.87 9.23 10.94	8.04 104 2 8.28 105 2 8.25 115 2 8.45 103 2 8.45 86 2 8.46 95 2 8.56 114 2 8.50 120 3 8.51 117 2 8.55 117 2 8.65 117 3 8.65 117 3 8.		1142 To 11 1024 2 955 12 935 2 144 3 1205 1 1067 To 2 1112 2 1112 2 1112	er Fillioon Yearn en 6 1/4pc 2010 nv 8pc Ln 2011 ; ens 8pc 2012‡‡	7.77 12	8.61 103,3 8.59 103,1	+3 1283 +3 127%	Prosp and index reflect factor 7712 0. 18013	eactive real r (2) \$96. (b) ing (le B mo t rebesing (3.945. RP)	edemption (Figures in other to of RPI to for June 198	ratio on proj parenthes to Issue) and 100 in Feb 94: 144,7 ar	1984 +	12811 1057 on of (1) 10% 3P1 beas for adjusted to
Bech 10-20: 1997 Triess 8-laps 1997 ## Bech 15pc 1997 9-laps 1998 Tress 7-laps 1998 Tress 6-laps 1998 Tress 6-laps 1998 Tress 15-laps 984 Exph 120c 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 60-1999 ##	7.78 12.17 10.08 8.57 13.01 9.45 7.08 12.20 12.82 12.82 10.94 9.97 6.62	8.04 104 2 8.28 100 2 8.45 103 2 8.45 103 2 8.45 86 2 8.45 95 2 8.50 120 2 8.50 120 2 8.50 120 2 8.50 110 2 8.50 110 2 8.50 110 2 8.50 110 2 8.50 10 2 8.50		1142 Tr 1142 Tr 1124 SSM 12 SSM 12 SSM 12 SSM 120M Dr 1115 Tr 1115 Tr 1513 Tr 1513 Tr 1513 Tr 1513 Tr	or Fillicon Years 192 5 1/4pc 2010 nv 8pc 1/1 2011 ; 193 Spc 2012‡‡ 193 5 ¹ -2pc 2008-	7.77 	8.51 103.A 8.59 103.II 8.37 73.2	+3 1284 +4 1275 +2 934	Prosp and inview reflect factor 7712 0. 10052 10055 OH	elictive real r (2) \$96. (b) ing (le B mo t rebesing (edemption (Figures in other to of RPI to for June 198	ratio on proj parenthes to Issue) and 100 in Feb 94: 144,7 ar	1984 +	1281 1057 or of (1) 10% 3Pi base for adjusted to
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Bech 10-20: 1997 Triess 8-laps 1997 ## Bech 15pc 1997 9-laps 1998 Tress 7-laps 1998 Tress 6-laps 1998 Tress 6-laps 1998 Tress 15-laps 984 Exph 120c 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 10-laps 1999 Tress 60-1999 ##	7.76 12.17 10.08 8.67 13.07 13.07 13.07 145 7.48 12.20 12.22 12.27 12.27 12.29 12.29 12.29 12.29 12.29 12.20	8.04 104 2 8.28 100 2 8.35 115 2 8.45 103 2 8.45 86 2 3 8.46 95 2 8.50 120 3 8.50 120 3 8.57 102 2 8.65 111 2 8.65 111 3 8.54 105 2 8.55 90 2 8.55 90 2 8.55 90 2 8.55 90 3 8.55 90 3 8.55 90 3		記 114월 Te 11 102년 2 85年 2 114月 2 129年 De 2 1	or Filzeon Yearn 1825 6 1/4/pc 2010 1825 905 Lh 2011 1 1825 905 2012 1 1825 905 2013 1 1835 2015 1 184 pc 2012 1 154	7.77 8.66 12 7.46	8.51 103,5 8.59 103,1 6.837 73,1 8.55 94,1,1 8.50 85,1 2.856 92	+3 1263 +3 1275 +3 937 +3 1178 +3 963 -13 1144	Prosp and index reflect factor 77(2 0. 100(3) 100(5) 77(2 92(3) 93(3)	sective real ri 2) 5%. (a) 60 B m 1 rebesing 1 3.945. RPI	edemption in Figures in inthe prior to tot FIP1 to for June 191 and International Inte	rate on projet parenthes to the parenthe	1884 +3 ected infigite ses show d have been prusny 1987, nd for Janua ntos € + or —	128] 1057 1057
Bech 10 ² -pt 1987 These 84-pt 1987 bech 15pt 1987 Supp 1986 Supp 1986 These 54-pt 1985 supp 14pt 1986 ress These 54-pt 1985 These 15 ² -pt 1985 These 19 ² -pt 1985 These 50 ² -pt 1985 These 50 ² -pt 1989 These 50 ² -pt 1989	7.76 12.17 10.08 8.67 13.07 13.07 13.07 145 7.48 12.20 12.22 12.27 12.27 12.29 12.29 12.29 12.29 12.29 12.20	8.04 104 2 8.28 100 2 8.35 115 2 8.45 103 2 8.45 86 2 3 8.46 95 2 8.50 120 3 8.50 120 3 8.57 102 2 8.65 111 2 8.65 111 3 8.54 105 2 8.55 90 2 8.55 90 2 8.55 90 2 8.55 90 3 8.55 90 3 8.55 90 3		14 10 10 10 10 10 10 10 10 10 10 10 10 10	or Filtern Years see 6 14pc 2016 nv 8pc Lh 2011 see 50-2012‡1 see 50-2013‡1 see 2015 14pc 2015 14pc 2017‡	1.77 \$\frac{1}{2} \tag{2} \ta	9.51 103,8 9.59 103,1 9.59 103,1 9.57 73,2 9.55 94,1;m 9.50 95,4 9.50 92 9.50 92	+3 1263 +3 1275 +3 934 +3 1178 +3 963 +3 1144 +3 1284	Prosp and incident reflect reflect 10013 10013 10013 10014 92 9314 8934 Asian I	McCive real n (2) 5%. (b) ing (e B mo t rebusing t 3.945. RPI 100 FIXE	edemption Figures in the prior to for June 191 to for June 191 Add Inter	rate on projet parenthes to keeue) and 100 in Feb 94: 144,7 sure 1	1084 +3 ected inflations ses show F id have been bruary 1987, nd for Januar rice £ + or —	128 105% on of (1) 10% on of (
Bech 10/2pt 1987 These 84pt 1987 Bech 15pt 1987 Supp 1988 These 1988 These 54pt 1989 These 56pt 1989 These 56pt 1989 These 56pt 1989	7.76 12.17 10.08 8.67 13.07 13.07 13.07 145 7.48 12.20 12.22 12.27 12.27 12.29 12.29 12.29 12.29 12.29 12.20	8.04 104 2 8.28 100 2 8.35 115 2 8.45 103 2 8.45 86 2 3 8.46 95 2 8.50 120 3 8.50 120 3 8.57 102 2 8.65 111 2 8.65 111 3 8.54 105 2 8.55 90 2 8.55 90 2 8.55 90 2 8.55 90 3 8.55 90 3 8.55 90 3		14 10 10 10 10 10 10 10 10 10 10 10 10 10	or Filzeon Yearn 1825 6 1/4/pc 2010 1825 905 Lh 2011 1 1825 905 2012 1 1825 905 2013 1 1835 2015 1 184 pc 2012 1 154	1.77 \$\frac{1}{2} \tag{2} \ta	9.51 103,8 9.59 103,1 9.59 103,1 9.57 73,2 9.55 94,1;m 9.50 95,4 9.50 92 9.50 92	+3 1263 +3 1275 +3 937 +3 1178 +3 963 -13 1144	Prosper and index reflect factor 7712 0. 10033 1005 OU 1005 OU 1005 Asian 128 & Sham 128	sective real ri 2) 5%. (a) 60 B m 1 rebesing 1 3.945. RPI	edemption Figures in mitte prior to p	rate on projections to be such and the such	1084 +3 ected inflations ses show F and have been prusny 1987, nd for Jenual rice £ + or - 10842 -7 11742	128 105% or (1) 10% or

8.68 8.55 6.07 8.69 8.42 8.77

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Seed are the Keest I	jesneci rezustrousa dou				•	ia secondary merket, Latest prices at leased	•					lesued	Bid	Offer	Chg.	Yle
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CURRENCIES AND MONEY

MARKETS REPORT

Solid maiden trading from new unified rand

The South African rand yesterday successfully wenthered its first day of trading as a unified currency following the abolition of the financial rand, writes Philip Gawith.

Against all expectations, it finished the day three cents firmer, closing at R3.6225 against the dollar, from the commercial rand rate of R3.6525 on Friday. There had been fears that a huge rush of money out of the country would put the rand under pres-

Elsewhere, foreign exchanges were quieter than in recent days, without there being any shift to underlying trends. Central bankers continued their efforts to suggest that last week's movements had been exaggerated, without much effect.

Rumours of concerted interest rate moves from the G3 countries to stabilise markets were fuelled by the Bank of Japan's money market operations. Three-month CD's

were issued at 2.15 per cent, their lowest level since July 1994, encouraging speculation of a cut in official rates.

The D-Mark maintained its recent strength, with the franc and the lira both particularly weak. The franc closed at FFr3.573, from FFr3.559, while the lira finished at L1,202 from

The dollar had a fairly stable day in Europe, closing at DM1.4053, from DM1.4145, and Y90.225, from Y91.24,

After touching a new historic low during Asian trading of DM2.2155, sterling recovered According to traders, the initially to put a toe in the water. in Europe to close in London at DM2.2364. The trade-weighted index finished at 85.3, after

■ South Africa's financial offi-

Mar 13	(2000	- Prov. ciosa -
E spot	1.5940	1.5700
1 mth	1.5937	1.5696
3 ค.ศ.	1.5926	1.5686
1 yr	1.5789	1.5550

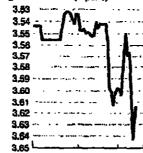
cials could not have expected yesterday's trading togo as smoothly as it did. The expected outflow of currency did not materialise, and foreign exchange reserves are understood to have ended the day

higher than they started. The Reserve Bank was active in the market as a guarantor of liquidity amid nervous trading conditions. The step into the unknown, coupled with the potential for very sharp price moves, made traders nervous

tiative was taken by the ReserveBank which offered to buy dollars at R3.68. Apparently at that level there was a willingness to sell dollars, both from South African exporters, and from foreign investors. Whether the latter were unwinding long positions, or preparing to buy South African assets was unclear. But South African bond and equities did

finish the day a bit firmer.

Against the dollar (R per 5) 3.53



Jan 1995

Mr Tom Chenoweth, chief dealer at Standard Bank in London, said the bid offer spread was initially around one cent, but later narrowed to

50, and then 30, basis points. The Reserve Bank did not, as expected, have to offer support to the Rand. To the contrary, the nett effect of it providing liquidity was that it supported the dollar. Traders said the

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

currency would probably have EMS tensions were a residual finished below R3.60 to the dollar had it not been for the

Although happy with the maiden voyage of the rand, 1995 style, officials and bankers were cautious about the rand's longer term prospects. Some observers believe the currency is overvalued at current levels. while there is also a realisation that the rand is exposed to the vagaries of international capital flows in a way which was not previously the case.

activities of the central bank.

As far as the major currencies were concerned, yesterday was a further day of consolidation. Analysts drew attention to the weakness of the franc, despite the fact that the dollar was trading around DM1.40, up from its recent lows.

Mr Jeremy Hawkins, chief economist at the Bank of America in London, said it appeared as if the European Monetary System had become an issue in itself. Previously

of dollar weakness.

■ The recent weakness of sterling on a trade weighted basis - it opened within spitting distance of its all-time low of 83.9 suggests its problems are more than simply D-Mark strength.

Clearly politic uncertainty is a problem, but economists say there are also underlying economic concerns. There have been some indications of inflationary pressures, and the December trade figures were disappointing, quashing some market optimism about the

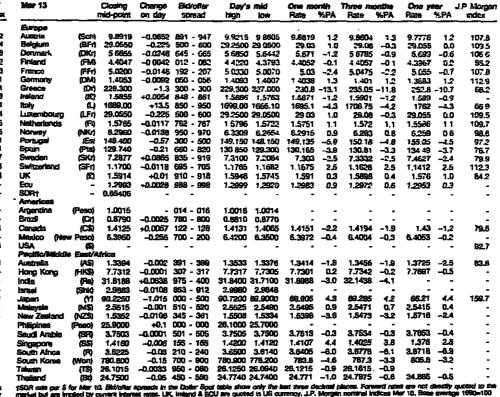
state of the economy. The Bank of England cleared a £150m market shortage at established rates.

Mar 13	£	5
tog 37	186 497 - 186 670	117,220 - 117
ອກັ່	2722.46 - 2784.23	1742 00 - 175
(unai)	0.4701 - 0.4707	0295 - 02
344	37518 - 37545	2.3587 - 2.3
hesta	7467.13 - 7468.10	4531 00 - 453
UAE	5.8434 · 5.8468	3 E723 · 3.6

March 13	Over	One	Three	Six	One	Lomb.	Dig.	Repo
	night,	month	ertten	mths	year	inter.	rate	rate
Belgkum	5%	61	7	. 7	. 7	7.40	4.50	-
week ago	6	62	514	5%	674	7.40	4.50	
France	77	874	8	84	8 <u>1</u>	5.00	-	8.00
week ago	5!;	8-27	67:	6)	7	5.00		6.40
Germany	4.83	4.53	5.05	5.15	5.53	6.00	4.50	4.85
week ago	4.88	4,93	5.05	5.23	5.68	6.00	4.50	4,65
ireland	5	7%	7%	71/2	7%	-	-	5.25
wask ago	5ù	7%	614	87	72	-		6.25
Italy	92	103	100	11%	119	-	7.50	10.10
week ago	82	10,	10	10%	11%	-	7.50	8 35
Netherlands	4,81	5.02	5.12	5.30	5.70	-	5.25	-
week ago	4.84	5.02	5.74	5.33	5.77	-	5.25	-
Switzeriand	317	3%	37	4	44	8.625	3.50	-
week ago	35	3%	3%	4%	44	6.625	3.50	-
US	52	54	6%	6,	B4.	-	5.25	-
week ago	52	64	64	670	63	-	5.25	-
Japan	24	24	21/4	214	27	-	1.75	-
week ago	274	2&	214	24	2 .		1.75	
E SUBORFT L	ndon			_				
Interbank Fluing	-	614	86	67 ;	68	-	-	-
week ago	-	6%	6%	6ē	68	-	-	-
US Doller CDs	_	5.90	8.07	6.29	6.64	_	-	-
Week ago	_	5.95	6.04	6.24	6 64	-	_	_
SDR Linked Da	-	4%	4%	4%	4E	-	-	-
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ECU Linked Do mid with are officed with way. The bares we lid retes we chown	c for \$10m	queted #	the mark	Berrievs	resemble:	onal Wester	110M CC	Gu ROM
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EURO C	UKRE			SI KA	163	_	_
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l		rrin no	diCe	LINDLIN	топіла	months	year
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Spanish Pesa				91 ₂ - 91 ₂	9(f · 9)	104 - 10	1015 - 1016
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Yen			- 23	24 - 22	24 - 212	23 - 24	24 - 21
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Short term ten							
E THERES							
	Open	Sett price	Change	-	Low	Est voi	Open int.
Mar	90.90	90.94	-0.43	91.08	90.8D	N/A	33,902
Jun	92.10	92.05	-0.28	92.18	91.96	45,156	49,543
Sep Dec	93,00	92.90	-0.19	93.00	92.83 92.95	10,776 4,498	34,052 22,878
Dec	92.95	93.04	-0.09	93.09	92,90	4,495	22,010
M THREE S	HONTH E	URODOLL	AR (LIFF	E)* \$1m pc	ents of 100°	<u> </u>	
	Open	Sett price	Charge	-	Low	Est. voi	Open Int.
Mar	93.70	93.69	+0.01	93,70	93.69	122	1629
Jun	-	93 48	+0.08	-	•	0	550
Sep. Dec	-	93.27 93.06	+0.12 +0.14	-	-	0	364 270
, La.	•	80.00	70.17	-	•		210
THREE N	MITH E	UROMARI	FUTUR	ES (UFFE)	DM1m po	ints of 100%	<u></u> -
	Open	Sett pace	Change	_	wal	Est. vol	Open int.
Mar	94.95	94.94	-0.03	94.97	94.94	13065	114848
Jun	94,78	94.77	-0.01	94.78	94,74	41312	215192
Sep Dec	94.47 94.12	94.47 94.12	-0.01 -0.01	94.47 94.12	94.43 94.08	21271 11877	147489 121116
THREE N							
	Open	Sett price	Change	•	T'OM.	Est. vol	Open Int.
Mar Jun	89.43	89.31	-0.16	89,44	B9.28	3839	18924
Seo	88.75 88.57	88.54 88.36	-0.25 -0.25	88.75 88.57	88.45	13794	40137
Dec	88.44	88.26	-0.23	88.44	88,31 88,24	2683 991	26871 13158
E THREE A							
	Ореп	Sett price	Change		Low	Est. vol	Open int.
Mar	96.22	96.25	+0.05	96.24	96.21	291	12379
Jun	96.01	96,08	+0.07	96.08	95.99	4888	20194
Sep	95.75	95,83	+0.07	95.83	95.75	1194	6506
Dec	95.48	95.54	+0.10	95.54	95.48	623	5274
THERE S	HTMOR	CU FUTUE	des (LIFF	E) Eculm	points of 10	00%	
	Open	Sett pace	Change	_	Low	Est. vol	•
Mar	92.68	92.81	-0.19	92.91	92.84	1104	8032
Jun	92.88	92,94	-0.04	92.94	92.88	3262	9952
Sep	92.83	92,87	-0.02	92.88	92.83	1138	4406
Dec	92.60	92,61	-0.01	B2.81	82.58	315	2360

POUND		Closing								=			`	
		Wid-Dolly	Change on day		offer ead	Day*	s Mid low	One mo	MPA	Three m		One y		Bank
Europe			<u> </u>			ingri	HOW .	PLUICE	74PA	Rate_	%PA	Rate	%PA	Eng Inc
Austria	(Schi	15,7420	-0.0037	335										
3elgium	(BFri		-0.0638		- 504 - 577		15.5865	15,7298	0.9	15.695B	1.2		-	10
Denmark	(DK/		+0.0038				45 9610		0.6	46.2482	-0.1	45,8282	0.9	111
intand	(FM)				- 199	9.0291		9 0215	-0.7	9 0067	7.3	8.9893	0.3	10
rance	(FFn		+0.0377		- 170	7.0170		-	-	-	-	-	-	8
Semeny	(DMS		+0.0273	855		8.0050		7.9752	21	7.9537	1.8	8 0038	-0.2	10
3reece	(Di)	363.317	-0 0004	_		2.2392		2.2335	1.6	2.2275	1.6	7.1882	2.2	11
reland	(12)	1.0038	+0.239		- 000		358.874					-	-	6
talv	112	2687.87	+0.003	031		1.0064		7.004	-0.2	1.0022	0.5	1.0039	0.0	8
rocembouro			+38.32	640		2697.87		2697.87	-4.5	2713.27	-3.B	2781.72	-3.5	6
letherlands	(LFr)		-0.0638	186			1 45.961D	46.2132	0.6	46.2482	-0,1	45.8282	0.9	11
OLMBA SOU SOUTH KTZ	(FI)	2.5088	-0.0027			2.5117		2.5056	1.5	2.4987	1.6	2.4577	2.0	11
onway Ortugal	(NKr)	10.0195	+0.0415	153 -		10.0328		10.0184	0.1	10.0163	0.1	10,0047	0.1	9
	(Es)	236.164	+0.59	945 -		236,671	234,049	236,879	-3.6	238.584	-1,1	-	-	9
ipain	(Pta)	206.468	+0.971		- 648	206,939	204.643	207,088	-3.6	207.953	-2,9	212,233	-2.8	7
weden	(SKr)	11.5976	+0.21	88G ·	- 072	11.6074	11.3726	11.5 99 7	-0.2	11.6036	-0,2	11.6153	-0.2	7
witzerland	(SFr)	1.8620	-0.0068	607 -	632	1.8667	1.8475	1.8575	2.9	1,8482	3.0	1.7994	3.4	11
K	(2)	-	-			-		-	-		-	-		8
icu	-	1.2248	+0.0052	240 -	256	1,2286	1,2135	1.2254	-0.5	1.2243	0.2	1,2177	0.6	_
DR†	-	1.04422												
imericas														
vgentina	(Peso)	1.5938	+0.0101	932 -	843	1.5968	1.5770	-	-			-	-	
raz i	(Cr)	1.3989	+0.0049	969 -	COR	1.4023		_		-				
anada	icsi	2.2479	+0.0233		489	2.2522		2,2514	-1.9	2.2563	-1.5	2.2557	-0.3	8
lexico (Nei	r Peso)	10.1771	-0.339	347 -		10.2688			-,-	22003	-123	22331		
SA	(5)	1.5914	+0.01	910		1,5946	1.5745	1.591	0.3	1.5898	0.4	1.576	1.0	9
actific/Madd			70.01	0.0	0111	1,00	12173	1,001	0.3	1,0030	4.4	1.570	1.0	•
ustrelle	(A\$)	2.1317	+0.0105	304 -	329	2.1329	2.1303	2.134	-1.3	2.1391	-1.4	2.1648	-1.6	8
iona Kono	0-8053	12.3034	+0.0775		073	12.3274		123036	-12	12.3044	0.0	12,2995	0.0	۰
ndia	(Rs)	50.6364	+0.4208		829	50.7040		120000	0.0	12.0044	4.0	الجدعون	0.0	
mei	(Shki	4.7565	+0.0129		814	4.7823	12-0-0	-	-	-	-	-	•	
SPBN	(3)	143.584	-0.688		680		142,100	148.064		141.919	4.6	135,799		159
leleysta	(MS)	4.0805	+0.0241		623	4.0678	4.0164	140,004	4.4	141.319	4.0	143.788	5.4	13
lew Zeeland	(NZ\$)	2.4433	~0.02*1		452	2.4452	2.4410	2.4483	-3.D	2.4602	-2.8	2,4795	-1.5	9
	, —,							24463	-3.0	2.4002	-4.6	2.4/90	-1.5	9
tilipines	(Peso)	41.2174	+0.4185	887 -	460		40.8812	-	-	-	-	-	-	
audi Arabia	(SA)	5.9682	+0.0375	664 -		5.0799	5.9052	-	-	-	-	-	•	
ngapors	SS	2.2535	+0.0048	621 -		2.2572	2.2266	-	-	-	-	•	-	
outh Africa	(P)	5.7649	-0.011	B10 -		5.7740	5.7220	-	-	-	-	•		
outh Konea	(Won)	1242.57	+7.81	209 -	304	1244.90		-	-	-	-	-	-	
erwan:	(TS)	41.5379			587	41.6111		-	-	-	-	-	-	
hailand	(Bt)	39.3872	+D.1697	893 -	060	39.4580	38.9960	-	-	•	-	-	-	



lawan Thalland	(13) (Ba)	41.53/8 39.3872		893 - 060		11.1336 R.996N		:	: :		: :		Thats	endi		24.7500	-0.0
SDR rates pe	r £ for Mar 1	D. Elickoff	er storendt in	the Pound S	pot table show calculated by t	only the tes	i tiyee degin	ni piaces, i	5000erd (e	piesi Cyre mot Marian makan	directly qu	cated to the		cate per \$ 1 t but are im			
ng Mgg-ustere an Mgg-ustere	in both this	and the I	Colley Spot to	bles derived	from THE WA	VACUTERS.	CLOSING SF	OT RATES	Some w	Stues gre 10	uncied by	the F.T.					
cnoss	RATE	100	n DEDI	VÄTME	C				A.		X. 1					W. 11. N	
						o <u>r in </u> en		<u> </u>	7.33					. Pag			
XCHAI Mar	ige Cr	1055 BFr	RATES OK:		DM IÉ	L	8	NKr	Es	Ptm	SKr	SFr	£	cs	\$	Y	Ec
	(BFri		19.50		.836 2.17		5.426	21.67	510.8	446.6	25.09	4.027	2.163	4.862	3.441	310.6	2.B4
olgium enmark	(DKA		10		1.480 1.11		2.783	11.11	262.0	229.0	12.87	2.065	1.109	2.493	1.765	159.3	1.3
	(FFr)	57.88	11.29		799 1.25		3.141	12.54	295.7	255.5	14.52	2.331	1.252	2.814	1.991	179.7	1.5
	DA/B		4.032	3.573	1 0.44		1.122	4.481	105.6	92,35	5.188	0,833	0.447	1.005	0.712	64 <u>.22</u>	0.5
eland	85)	4B.06	8.960		227 1	2677	2.499	9,980	235,3	205.7	11.56	1.855	0.996	2.239	1.585	143.0	1.2
	<u>13</u>	1.720	0.335	0.297 (0.03	7 100.	0.093	0.373	8.787	7.682	0.432	0.069	0.037	0.084	0.059	5.342	0.0
etherlands	(Fi)	18.43	3.593	3.184 (1,891 0.40	0 1071	1	3.994	94.14	82.30	4.623	0.742	0.399	0.896	0.634	57.23	0.4
ONWEW	(NKr)	46,15	8.995	7.973 2	2.232 1.00		2.504	10	235,7	206.1	11.58	1.858	0.996	2,244	1.588	143.3	1.2
ortugal	`(Es)	19.58	3,817),947 D.42		1.062	4.242	100.	87.43	4.911	0.788	0.423	0,952	0.674	60.80	0.5
Pinkt	(el⊄)	22,39	4.366		1.083 D.48			4,852	114,4	100.	5.617	0.902	0.484	1.089	0.770	69.54	0.5
meden	(SKr)	39.88	7.772		1.928 0.86		2.163	8.638	203.6	178.0	10	1.605	0.862	1.938	1.372	123.8	1.0
etzerland	(SFr)	24.83	4.842		1.201 0.53		1.347	5.581	126.9	110.9	6.230	1	0.537	1.207	0.854	77,12	0.6
ĸ	囯	46.24	9,016		2.296 1.00		2.509	10.02	236.2	208.5	11.60	1,862	1	2,248	1.591	143.6	1.2
enede	(CS)	20,57	4.011),995 D.44			4,457	105.1	91.86	5.160	0.828	0.445	1	0.708	63.88 90.26	0.5
8	(S)	29.06	5.667		1.405 D.63			6.298	148.5	129.8	7.291	1.170	0.629	1.413	1 1.108	100.	0.7 0.8
Bipan .	m	32,20	8.279		1.557 0.66			6.978	164,5 192,8	143.8 168.6	8.078 9.489	1.297 1.520	0.896 0.816	1.585 1,835	1.109	117.2	1
<u>CU</u>		37,75	7.360		.825 0.82			B.180			3.408	1.320	U.D.(0	1,033	1.240	1112	
enish Kroner,	Franch Fran	c, Norwe	glan Kroner,	RIC SWEGIST	Kronor per 1	u; Beigan in	BEACH TOTAL D	ACUGO, CPA	an res	ra per loca							
D-MARK	PUTURES	(MOM)	M 125,000	per DM				. = 4	APANES	E YEN N	JTURES	(MM) Yen					
	Open	Latest	Change	High	Low	Est. vol	Open int.			Open	Latest	Change	Higi				Ореп
lar .	0.7125	0.7122	+0.0081	0.7135	0.7114	12,009	47.564	Mar		1.1151	1.1098	+0.0122				7,060	40,9
un .	0,7132	0.7150	+0.0068		0.7122	44,739	59,300	Jem C		1.1176	1.1217	+0.0119				29,712 325	56,19 2.50
êp	0,7168	0.7174	+0.0067	0.7178	0.7162	585	1,690	Sep		1.1348	1.1355	+0.0131	. 1.131	72 1.13	333	320	2,34
	RANG FUT		Bas et. 1	35.000 av-	ec-			. .	TERLEN	à FUTUR	es (IMM)	€62,500 p	er £				
						5 000	01 006	. —— Mar		1.5820	1.5860	+0.0198	1.58	60 1.51	810	5,079	33,0
fer e	0.8555	0.8546	+0.0089		0.8590 0.8544	3,920 19,357	21,995 26,054	ALE)		1.5766	1.5844	+0.0196				24,943	25,7
un	0,6565 0.8665	0.8602 0.8659	+0.0082		0.8645	313	904	Seb		-	1.5790		1.571		,	180	14
ab	0.5000	0.0003	10.0002	0.0010	Q00-4	U. U											
DIZ 1115	EREST	БАТ	Ec 🔭	19 Ag	178		$\gamma = \gamma$	EM		ROPE/		RREN					
							· · · · · · · · · · · · · · · · · · ·	Mer	13	Ecu ce		ust Ecn Jate	Change on day	1 % +/- C91L		% sprea v weake:	
	MOM P			One	Three	Sbx	One	Neth	erlands	2.152		.06785	-0.01120	6 -3.9	92	9.53	
ber 13		Over-	7 days. notice	month	months	months	VEEL	Aust		13.438		2.9757	-0.0700	6 -3.4	44	8.17	
		night_					<u> </u>	Gent		1.9100	7 1.	84326	-0.0101			9.06	
terbenk Ste	dana 5	i ₂ - 9i ₂	5% - 5 ¹ 2	63 ₉ - 6 ¹ 8	6-kg - 65-g	72 76	7算 - 7월	Belg		39.39	50 3	8.2352	-0.09		2 5	8.44	2
terting CDs	-			. 61 6 ¹ 4	8년 6월	7💤 - 7	7指 - 7元	Port		195,76	22 19	94,984	-0.23	6 -0.4	41	5.68	8

	ON MO	Over-	7 days	One	Three	Slx	One
Mar 13		night	notice	month	months	months	учаг
interbenk	Sterion		5% - 5 ¹ 2	63a - 61a	634 - 6 ⁵ 8		7億 - 7월
Sterling C			·	65 - 6 ¹ 4	않는 6%	732 - 7	7指 - 7指
Treasury		-	•	6 ¹ 8 - 6	83 - 6 ⁾		-
OH-	_	-	-	975 - BIS	642 - 548	84 - 84	
Local aut	hority deps.	4년 - 4듾	5 34 - 559	838 - 874	64 - 64	71 ₈ - 7	7% - 7%
Discount	Merket deps	5 ⁵ g - 4	5张 - 5花	-	•	•	•
ist clearly	ng bank bæe	lendina reti	e 6% oer o	ent from Fe	bruary 2, 19	9 5	
			Up to 1	1-3	3-6	9-9	9-12
			month	month	months	months	months
	Tex clep. (£10	0.000		534	534	5	634
les sende 985. Agri priod Feb	e rate of discou ed rate for per 1, 1996 to Fel	78 F 1202		1000 COL	for cash 1 ¹ 4p port Rhence. emes if & pt & Rhence House	Direct Plates	Feb 28, ance rate to pc from Ma
we sends 995. Agri period Feb	e mate of discou led rate for per 1, 1995 to Fel	ind Mer 26, 1 b 28, 1995, S	995 in Apr 2 chemes IV &	5, 1995, Sch V B.795pc. F	emes il A (Il 6 Ingace House	LOGOS, Pintero Beso Ration 7	pc from Ma
hea sende 1985: Agri period Feb	er mate of discounced mate for per 1, 1995 to Fel E MONTH S	ind Mer 28, 1 b 28, 1986, 8 STERLING	995 to Apr 2 chemes IV &	5, 1995, Sch V B.765pc. F	emes if A iff A Ingace House 00,000 poir Low	LDGpc, Refer Bean Rates its of 100% Est. vol	Open int
Ave. sunce 1965. Agri period Feb 1, 1995 M. THIRE	er mate of discounted rate for per to 1, 1996 to Fel EE MONTH &	Mer 26, 1 b 28, 1995, 6 TERLING Sett price	995 to Apr 2 chemes IV &	5, 1995, 8ch v 8.765pc. F (LIFFE) 25 High 93.22	emes # 4 ff 4 Inspec House 00,000 poir Low 93.12	to of 100% Est. vol 16694	Open int
Ama. sende 1985. Agni period Feb 1, 1985 Mar	er mate of discounced rate for per o 1, 1996 to Fel E NORTH S Open 93.12	ind Mer 28, 1 b 28, 1986, 8 STERLING	995 to Apr 2 chemes IV & FUTURES	5, 1995, 8ch V B.795pc. F (LIFFE) £5 High 93.22 92.38	emes if A st 6 Inexce House 00,000 poir Low 93,12 92,25	Est. vol 16694 32114	Open int 55290 97278
Area, tende 1985: Agri Seriod Peb I, 1995 III THRE Mar Mar	er mathe of cliebox, end reads for period 1, 1996 to Fel E MONTH 5 Open 93,12 92,28	E 128250- lod Mer 26, 1 b 28, 1995, 6 Sett price 83.21	995 to Apr 2 chemis TV & FUTURES Change +0.06 +0.03 +0.04	5, 1995, 8ch V B.765pc. F (LIFFE) £5 High 93.22 92.38 91.81	emes if A \$1 6 Inexce House 00,000 poir Low 93.12 92.25 91.81	Est. vol 16694 32114 7919	Open int 55290 97278 64512
Area, sende 1995: Agri Seriod Peb 1, 1995 M. THERE Mar Jun Sep	er mate of discoun- ed rate for per- o 1, 1995 to Fel EE MONTH 5 Open 93,12 92,28 91,81 91,52	Sett price 93.21 92.38 93.21 93.21 93.90 91.59	985 to Apr 2 chemes IV & FUTURES +0.08 +0.03 +0.04 +0.03	5, 1985, 9ch v B.765pc. F (LIFFE) 25 High 93.22 92.38 91.81 91.80	93.12 92.25 91.52	Est. vol 16694 32114	Open int 55290 97278
Area, sende 1995: Agri Seriod Peb 1, 1995 M. THERE Mar Jun Sep	er mate of discoun- ed rate for per- o 1, 1995 to Fel EE MONTH 5 Open 93,12 92,28 91,81 91,52	Sett price 93.21 92.38 93.21 93.21 93.90 91.59	985 to Apr 2 chemes IV & FUTURES +0.08 +0.03 +0.04 +0.03	5, 1985, 9ch v B.765pc. F (LIFFE) 25 High 93.22 92.38 91.81 91.80	93.12 92.25 91.52	Est. vol 16694 32114 7919	Open int 55290 97278 64512
Area, sende 1995: Agri Seriod Peb 1, 1995 M. THERE Mar Jun Sep	re ratio of discounted rate for per per per per per per per per per pe	Sett price 93.21 92.38 93.21 93.21 93.90 91.59	985 to Apr 2 chemes IV & FUTURES +0.08 +0.03 +0.04 +0.03	5, 1985, 9ch v B.765pc. F (LIFFE) 25 High 93.22 92.38 91.81 91.80	93.12 92.25 91.52	Est. vol 16694 32114 7919	Open int 55290 97278 64512
Are, tende 1985, Agni 1986, Agni 1986 Feb 1, 1986 Mer Jun Sep Dec Vac trade	r mbe of disco. de table for period to the	me 1,200pt. ind Mer 28, 1 b 28, 1985, 6 5TERLING Sett price 83,21 92,38 91,90 91,59 Cpen interest	PUTURES Change +0.06 +0.03 +0.04 +0.03 tigs. are to	3, 1985, Sch V B.705pc, F I (LIFFE) 25 High 93.22 92.38 91.91 91.80 r previous de	93.12 92.25 91.52 92.25 91.52 92.25	LOOps: Finfers Blaze Rame 1 das of 100% Est. vol. 16694 32114 7919 2723	Open int 55290 97278 64512
Are, tende 1985, Agni 1986, Agni 1986 Feb 1, 1986 Mer Jun Sep Dec Vac trade	er mate of discoun- ed rate for per- o 1, 1995 to Fel EE MONTH 5 Open 93,12 92,28 91,81 91,52	od Mer 28, 1 b 28, 1995, 6 Sett price \$3,21 \$2,38 \$1,90 \$1,59 Cper, interest	Change +0.05 +0.03 +0.04 +0.03 ciga. are to	3, 1985, Sch V B.705pc, F I (LIFFE) 25 High 93.22 92.38 91.91 91.80 r previous de	93.12 92.25 91.52 92.25 91.52 92.25	LOOps: Finfers Blaze Rame 1 das of 100% Est. vol. 16694 32114 7919 2723	Open int 55290 97278 64512
New tender 1985 - Agri 1985 - Agri 1995 III THRE Mar Jun Sep Dac Viso trade	w mate of discount of the for per of, 1996 to Fel E MONTH \$ CPAN 93.12 92.28 91.81 91.52 d on APT. AF	Sett Price 93.21 92.38 91.90 91.59 Cpen Interest	SES IN APP 2 chemis IV & FUTURISS 1 Change +0.08 +0.03 +0.04 +0.06 it figs. are fo	3, 1985, Sch V B.795pc, F I (LIFFE) 25 High 93.22 92.38 91.87 91.60 y previous di	93.12 92.25 91.52 92.25 91.52 92.25	Est. vol 16694 32114 7919 2723	Open int 55290 97278 64512
Ase, tender 1985, Agri period Feb 1, 1985 Mer Jun Sep Dec Ase trade	r mbe of disco. de table for period to the	Med Mer 28, 1 b 28, 1995, 6 b 28, 1995, 6 STERULINEQ. Sett prices 83.21 92.36 91.90 91.59 Cper: Interest	FUTURES Change +0.06 +0.03 +0.03 -10.03 -10.03	S, 1985, Sch V B, 795pc, F I (LIFFE) 25 High 93.22 92.38 91.80 or previous di	93.12 92.25 91.52 92.52 94.52 94.52 94.52	LORpus, Finalesco Bases Rame 1 das of 100% Est. vol. 16694 32114 7919 2723	Open int 55290 97278 64512 61575
Ava. sende 1985 - Agri parted Pat 1, 1995 METHERE Mar Jun Sap Dac Also trade	w mate of discount of the for per of, 1996 to Fel E MONTH \$ CPAN 93.12 92.28 91.81 91.52 d on APT. AF	Sett price 83.21 92.38 91.90 91.59 Cpen Interest	935 in Apr 2 chemes IV & FUTURES +0.05 +0.03 +0.03 +0.02 it figs. are to \$\$ (LIFFE) \$\$ LLS\$	3, 1985, Sch V B.795pc, F I (LIFFE) 25 High 93.22 92.38 91.87 91.60 y previous di	emer if 4 & 6 & 6 & 6 & 6 & 6 & 6 & 6 & 6 & 6 &	Est. vol 18694 32114 7919 2723	Open int 55290 97278 64512 61575

B./ Adam & Company 8.75	NASE LENDING RATE	% Acadaurahe Guarantee
ABart & Company Aliad Trust Bank Bank Bank Bank Bank Bank Bank Bank	Boster Bernk Limited 7,75 Financial & Gen Benk 7,00 Pilobart Fleming & Co _ 8,75 Ginbarth — 6,75 Ginbarth — 6,75 Ginbarth — 6,75 Ginbarth — 6,75 Hofbb Bank AG Zurich 6,75 Hofbatile & Gen Inv Bit. 8,75 Linien Hodge Bank — 6,75 Julien Hodge Bank — 6,75 Loyets Bank — 6,75 Moderal Bank — 6,76 Moderal Bank — 6,76 Moderal Bank — 6,76 Moderal Bank — 6,75 New Houril Banking — 6,75 New Hodge Brothers — 6,75 Res Brothers — 6,75 Res Brothers — 6,75	Corporation Limited is no longer authorised as a bening institution. 10 Royal Bit of Scotland: 6.7: Singer & Friedlander 6.7: Singer & Friedlander 6.7: Singer & Friedlander 6.7: Singer & Friedlander 6.7: Unity Trust Benk Pic 6.7: Western Trust 6.7: Whiteaway Laddaw 6.7: Yorkshire Bank 6.7: • Members of Landon Investment Benking Association In administration

	Mar	1.1151	1.1098 +0.	0122 1,1151	1.1085	7,060	40,904
	jen Jen			0119 1.1253	1.1155	29,712	56,193
	Sep			0131 1.1372	1.1335	325	2,500
	-			•			
	STEPLE	& FUTURE	8 (IMM) 252,5	00 per £			
	Mer	1.5820	1.5860 +0.	0196 1.5860	1.5810	5.079	33.079
	Jun			0196 1.5854	1.5730	24.943	25.726
	Sep		1.5790	- 1.5790	•	180	143
	EMC EI	ROPFA	N CURR	ENCY UNI	T RATE	S	
ŀı	Mar 13	Ecu cen		Change	% +/- from		ed Div.
1	Mit 13	78566	against Ec		COULTERS	v weake	
- 1							
J	Netherlands				-3.92 -3.44	9.53 8.17	
. 1	Austria	13.4383			-3.44 -3.50	9.06	-
- {	Germany	1.91007			-2.95	8.44	22
- 1	Belgium	39.3960 195,792			-2.83 -0.41	5.68	3
1	Portugai Denmark	7.28580			2.07	3.11	-14
Į	France	6.40608			2.90	2.28	-24
ļ	Spain	162,493			4.B1	0.42	-33
١	ireland	0.792214			5.25	0.00	-35
ĺ	H THE IN	U					_
- 1	NON ERM &	AEMBERS					
Į	Greace	292,867	299.902	-0.256	2.40	2,78	
- 1	Italy	2106.15	2221.75		6.48	-0.23	- 1
٠ (UK	0.786652			5.61	-0.34	-
1	Equi centrel rati	es set by the E	uropean Comm	haion. Currencies	are in descond	ing relative s	sength.
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3¼ per cent. Convertible Bonds due 2006 (the "Bonds") Hanwha Chemical Corporation

(the "Company") NOTICE IS HEREBY GIVEN to the holders of the Bonds that the dividend in shares with the ratio of 0.04 share per share was approved by the general meeting of shareholders held on 27th February, 1995. The

the general meeting of state-toders fresh on 27th February, 1993. The record date for the dividend was 31st December, 1994.

Pursuant to the provisions of the Trust Deed constituting the Bonds, the Conversion Price of the Bonds has been adjusted as a result of the dividend in shares from Won 12,990 to Won 12,690 effective from lat anuary, 1995 (the day after the record date for the dividend). Hanwha Chemical Corporation

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FINANCIAL TIMES TUESDAY MARCH 14 1995 LONDON SHARE SERVICE

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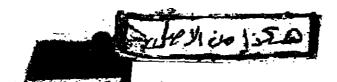
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Currency worries return to upset share prices

Currency factors unsettled IIK stocks again yesterday and shares closed lower as the Dow Jones Industrial Average failed to follow through after its record close on Friday. Trading volume was very low, however, and the FT-SE 100 Share Index remained comfortably above the 3,000 mark.

At first, the London equity market brushed off weakness in sterling and in government bonds, edging higher in early trading. Sentiment was helped by official prices data for February, indicating a level of factory prices pressure acceptable

to securities markets.
Currency uncertainty, together with lack of buying support for share prices, wore the market down towards the close, however, and despite a late rally in the dollar, the equity market ended near the day's

At the final reading, the FT-SE 100 Share index stood at 3,011.8, a net loss on the day of 9.3 points. At the low of the session, the Footsie touched 3,009. London was subdued at the close by a fall of more than 12 points on the Dow Average in early trading in the new session in New

The FT-SE Mid 250 Index, down 4.8 at 3,315.6, reflected a lack of

interest in second line stocks which generally followed the trend of the blue chins.

Although this week will bring a further round of important trading statements from British companies which are expected to boost confidence, yesterday's list brought little

The takeover front was also quieter, as investors pondered the situation among the regional electricity companies following Northern Electricity's refusal to countenance the - and reduced - offer from Trafalgar House.

Trading volume, as measured through the Seaq electronic network, fell by nearly 30 per cent to

470.2m shares, dealing a further handful of large market firms. Strategists were disappointed that

LONDON STOCK EXCHANGE

City comment suggests that a further round of workforce cutbacks among London-based securities firms cannot be long postponed. Non-Footsie business made up around 63 per cent of yesterday's

Retail, or customer-originated, business was worth £1,56bn in Friday's trading session, a fair average sions. While the retail for recent ses total used to be up seen as a rule-ofthumb measure of overall market profitability, it is now regarded as less reliable, because profitable business in equities is being channeiled more narrowly towards a

from Standard Chartered, the

Dealers said Standard Char-

tered shares were sharply bet-ter - at 7 higher at 277p they

were the top performer in the

FT-SE 100 list - as the market

continued to re-rate the stock

after last week's exceptionally

good preliminary figures which

included a 33 per cent increase in the dividend total. Hambros

Shares in household prod-

ucts group Reckitt & Colman

fell 13 to 611p after NatWest

Securities urged investors to

in a note ahead of Thurs-

day's full year figures, analysts at NatWest said: "We expect

over the second half, there will

have been little change in the

tough market conditions expe-

rienced over the first half of

1994." They expect normalised

profits of £266m, at the bottom

of the market range of £265m

reduce holdings in the stock.

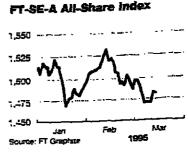
shares edged up 2 to 201p.

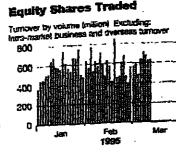
UK bank.

Strategists were disappointed that the problems of the US dollar have reemerged to unsettle stock mar-

kets. In London, a favourable differential between UK and New York market indices, together with a strong flow of dividend and profits news from leading British companies, has appeared to lay the foundation for a

recovery in share prices. However, sterling continues to suffer on the cross-flow of weakness in the US currency and this has revived fears that further increases in domestic base rates may be closer at hand than the stock market would like.





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Extractive Inds

Northern decision setback

Northern Electricity was the heaviest loser among the market's top 350 stocks, the shares plummeting 70, or 8.7 per cent to 738p, as the market caught up with news that the board had rejected the new, and lower, bid of 950p cash a share from Trafalgar House,

Trafs' increased offer depended on the agreement of the Northern board. Trafs tabled its lower bid on Friday after considering the change of circumstances affecting the

electricity group.
All the Recs fell sharply last week after the electricity industry regulator said he was seeking a further investigation into electricity pricing in the light of Northern Electricity's defence, which included 507pworth of payouts to shareholders. Trafalgar House shares eased to 571 ap.

Costain seller

A seller of a near 5 per cent stake in Costain, the construction to mining group, emerged yesterday, leaving the stock by far the most heavily traded in the market.

The shares, in several blocks totalling 26m, or just over 5 per cent of the company's issued capital, were sold into the market at 10p and subsequently placed at 10 p. At the close turnover in Costain had risen to 60m, the highest on record. Costain shares have see-

sawed this year, climbing to 24p towards the end of January, as rumours of imminent bid moves were confirmed by the company. Bovis, building division of P & O was said to have been the likeliest buyer.

The market quickly picked up the hint that the takeover talks had run into trouble and the shares began to slip away, dropping over 30 per cent last week ahead of news that no bid was likely. Yesterday the shares fell to 10p, before closing a net halfpenny lower at

The biggest shareholder in Fleming, Costain is Robert Fleming. with 92.3m shares, or 17.8 per cent of the issued capital.

Rand views

Analysts came to no very hard and fast conclusion about the demise of the South African financial rand. Nomura Securities thought there could be a modest one-off devaluation of assets for companies like Lonrho and Wassall both of which have extensive fixed plant assets in South Africa.

The house also expected the currency move to accelerate the plans of Dieter Bock, chief executive of Lonrho, for enhancing shareholder value. It saw the odds shortening on a partial flotation of Lonrho's platinum interests. Lonrho shares retreated 1% to 136p.

The failure of Trafalgar House's lower bid for Northern, plus renewed worries about Offer's move to re-examine electricity pricing, caused ripples of unease across the rest of the Recs sector, where Manweb, 645p, lost 10 and South Wales 13 to 660n. There was keen support for

Southern Electricity, however, with some specialists taking the view that Trafalgar may shift its sights to another target. Southern shares jumped 8 to 618p and were closely followed by Midlands Electricity which moved up 6

to 627p.

The heaviest trade in the utilities areas was in Power-Gen partly-paid stock which hardened a fraction to 186p on 5.2m traded. The "old" shares were a shade off at 466p on 3.7m. National Power partlypaids eased 11/2 to 172p and the

"old" 31/4 to 433D. Renewed hints that the banking, securities and financial services sectors are bracing themselves for a big round of rationalisation, probably involving a number of bids and mergers, triggered another

bout of speculation. The latest story was that Hambros was looking to buy

Standard Chartered Securities FINANCIAL TIMES EQUITY INDICES

	Mar 13	Mar 10	Mar 9	Mar 8	Mor 7	Yr ago	'High	Low
Ordinary Share	2307.4	2311.9	2266.6	2291.8	2277.6	2546.2	2713.6	2235.3
Ord. div. yield	4.58	4.57	4.60	4 60	4,62	3.64	4,66	3.43
Earn, vict as full	7,39	7.37	7.21	7,20	7.25	4,95	7.39	3.82
P/E ratio net	16.11	15.16	16.40	15,42	16 32	21.95	33.43	16.11
P/E ratio rul	15.77	15.81	15.94	15.95	15.86	22.92	30.80	15.77
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to £275m.

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Same	1,606	i			Puts		12,447
"Data based on Ed	juity shar	res listed o	on the L	ondon Shi	are Service.		

from the outgoing Chris Taylor Chemicals group ICI fell 25 to 678p, on unconfirmed talk as finance director. Rugby shed a penny to 107p. Siebe, which has a 40 per that US broker Smith Barney had sharply downgraded profit expectations. Glaxo continued

company's American Deposi-

tory Receipts (ADRs) had

encouraged buying in London

yesterday. Volume stood at 5.9m at the close. Medeva were

wanted ahead of today's fig-

ures. The shares gained 4 to

181p. Dealers were encouraged

by figures from Scotia Hold-

ings which revealed reduced

losses. The shares advanced 17

In food manufacturing

stocks. United Biscnits, which

reports full year figures on

Thursday, fell 12 to 342p, with

Smith New Court said to have

advised investors to sell the

shares. The range of forecasts

is £155m to £165m, after a £21m

in stores. LLoyds Chemist

hardened 5 to 219p, as analysts

came to the view that that pro-

visions for the reorganisation

of the group's drugs store divi-

sion would be lower than

Boots was one of the day's

best performing stocks as the

market focused on a recent note from UBS. In a detailed

review of cash flow in con-

sumer stocks. Boots was high-

lighted as the best stock in

cash flow terms within the

stores sector. The shares closed

8 better at 491'-p.

restructuring charge.

feared.

cent North American sales ratio, added 2 to 525p as a fourto bask in the glow of its recent success in the bid for rival Wellcome. The shares day ITS mad show opened. Submarine maker VSEL closed 11 jumped 121/2 to 689p, as dealers higher at 1516p, having been 15 up at one stage. suggested healthy buying in New York late on Friday of the

Leading bus group Stagecoach recovered 2 to 217p as a advantage of recent monopolies-inspired weakness in the shares to top up their holdings. Eurotunnel lost ground as last week's departure of the group commercial director combined with extensive weekend delays on the shuttle service to knock sentiment. The shares shed 3

-4.5 3.53) 18.0 FUTURES AND OPTIONS

II FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)														
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	10	% स्टब्स् का संस्कृ	Mar 9	Mar 8	Year 200	Gross div	52 t #8git	raek Low
Seld Mines Index (34)	1815-23	+0.6	1805-21	1805.97	2022.34	2.10	2337.50	1637.91
Regional Indices								
Atrica (16)	274E12	-35	2550.16	2728.64	2735.50	4.91	3711.87	2304,45
Audzbez 7	25 - 27	-6.7	2031.29	2355.60	241.32	0.82	2951,49	1788.20
North America (11)	-5-152	-03	1527.36	1499.66	1755.04	0.74	1911.21	1348.18

Loss-making magazine pub-	136 GO 40	11.1	Sall	(DE	4				
lisher Harrington Kilbride tumbled 10 to 25p, following	<u> </u>	Mar		Mar	Mar 8	Year 290	Gross div yield %	-	week Low
allegations in a Sunday news- paper. The group plans to issue	Seld Mines Index (34) In Regional Indices	1815-23	+0.6	1805.21	1805.97	2922.34	2.10	2337.90	1637.5
writ against the paper. A management reshuffle at	Atrica (16)			2550,16			4.91	3711.87	
Smiths Industries left the	মানোত্রজ্জন <i>বি</i> শুক্রত মলজ্জনে (বি)	27:57		2031.29 1527.36				2951.49 1911.21	
shares 4 higher at 443p, in nominal turnover. Alan Thom- son, formerly with the Rugby cement group, is taking over	Controls The Frence Figure in tracets show Little prots were trace	י אשריביי		ras. Bas	2! 28 US Do	plans. Bed	se vatues: 10	XQ0.Q0 31	/12/82

a writ against the paper. A management reshuffle at Smiths Industries left the shares 4 higher at 443p, in nominal turnover. Alan Thomson, formerly with the Rugby cement group, is taking over FT - SE Actuaries Share Indices 1 -- -FT-SE 100 -3.3 3021.: 296E.9 299Z.1 3233.4 4.48 8.15 14.72 21.80 1158.15

FT-SE MIC 250	3315.6		29.÷ 3317.	: 330G.	3885.7	3,87	6.64	17.55 1	4.88 1	254.65
FT-SE Mild 250 ex line Trusts	3320.8		26,6 3317.			4,03	7.40	18.32		254,86
FT-SE-A 350	1497.€		01.7 1487.			4.34	7.85			177,74
FT-SE-A 350 Higher Yield	1515.0		21.5 1567.	1509.4	4 1646.3	5,39	8.47			81.54
FT-SE-A 350 Lower Yield	1479,8					3.29	7.23			79.33
FT-SE SmallCap	1678,61		1,68 1,580.0			3.48	5.25			318,64
FT-SE SmallCap ex Inv Trusts	1658 18		9.93 1667 &			3.68	5.8\$			306.93
FT-SE-A ALL-SHARE	1480.65	-0.3 1484	4.36 1471.56	9 1472.75	1632.78	4.28	7.65	15.71	9.65 11	184.00
🗲 FT-SE Actuaries Ali-	Share					_	_		. . .	
	14 13	Day's	10 Nam 0	Mar 8	Year	Drv. yseld%	Earn yveld%i			Total Return
		choest later			330					
10 MINERAL EXTRACTION(24)	2616.15		3.52 2595.96			3.89	6.84			059.93
12 Extractive Industries(7)	3441.07		.68 3455.6			3.89	8.01			49.93
15 Oil. integrated(3)	2620.05		1.28 2587.50			4.03	7.16			096.61
16 Oli Exploration & Prod(14)	1882,56		189 1909 2			2.59			_	991.9 5
20 GEN BNDUSTRIALS(278)	1780.68		.99 1757.0			4.43	6.63			20.08
21 Building & Construction(38)	890.48		.00 692.22			4.38	7.40 6.36			04.70
22 Building Matts & Merchs(31)	1663.17 2145.88		266 1647.71			4,61	5.83			91.96
23 Chemicals(23) 24 Diversified Industrials(17)	1767.15),80 2161.10 103 1740.59			4,44 5.38	7.35			89.09
25 Bectronic & Elect Equip(36)	1866.70		.68 1868.07			3.69	7.02			21.88 23.79
28 Engineering(72)	1733.47		36 1713.25			3.55	6.41			23./9 004.23
27 Engineering, Vehicles(13)	2121.33		.52 2098.57			4,80	3.17			141.20
26 Paper, Polog & Printing(27)	2675.64		29 2647.64			3.45	7.15			59.33
29 Textiles & Apparel(21)	1404.27	<u>-0.4 1409</u>	77 1405.26	1389.18	1963.45	4,87	7.56			05.02
30 CONSUMER GOODS(95)	2857.63	2959	.59 2823.00	2835.41	2861.28	4.39	6.84	17.70 25		101.89
31 Breweries(18)	2096,17		21 2083.20			4.57	8.79	13.72 11		80.36
32 Spirits, Wines & Ciders(10)	2508.01		90 2472.66			4.54	7.84	15.06 26		56,34
33 Food Producers(24)	2339,24		41 2325.27			4.29	7.72	15.66 14		01.57
34 Household Goods(10)	2417.74	-1.7 2459	.43 2465.93	2482.81	2730.51	3.69	5.92	17.41 1.	.97 87	78.58
36 Health Care(18)	1593.43		55 1590.18			3.23	3.61	37.87 3		32.53
37 Phermaceuticals(13)	3638,42		.55 3581.22			3.96	4.83	25.96 48		83.19
38 Tobacco(2)	3592.72	+0.1 3588	.05 3509.67	3532.67	4005.79	<u>8.35_</u>	11.41	10.95 0		19.53
40 SERVICES(230)	1823.08		29 1613.39			3.51	7.24	18.89 7.		07.03
41 Distributors(32)	2274.27		74 2298.28			4.15	7.88	15.08 11		98.86
42 Leisure & Hotels(29)	2048.48		.55 2036.48			3.71	5.56			26.41
43 Medie(43)	2677.43		.18 2674.47			2.74	6.05			34.43
44 Retailers, Food(16) 45 Retailers, General(44)	1787,57 1505,43		.68 1759.65			3.69	8.98		.69 10	80.43
48 Support Services(38)	1443.26		.62 1496,11			3.56	7.88		.26 <u>82</u>	22.17
49 Transport(21)	2101.95	-0.4 210E	.12 1428.50 .94 2102.17	2116 09	1130.3U 3672.37	3.01 4.07	7.31		.21 88	35.89
51 Other Services & Business(7)	1153,34	-0.1 1154	09 1154.54	1156 38	1955 71	3.89	7.77 4.B1			2.65
										<u>05.14</u>
60 UTILITIES(37) 82 Electricity(17)	2192.38 2115.65		.07 2188.81 46 2110 40			4.96	9.53			33.60
64 Gas Distribution(2)	1874.09		.46 2110.49 .24 1861.05			4.83	12.30			35.40
86 Telecommunications(5)	1904,27		27 1894.52			8.39 4.29	7.37 7.08			0.24
68 Water(13)	1690.85		17 1721.00			5.92	14.18			8.51
69 NON-FINANCIALS(684)	1600.13		05 1588.56							2.18
		_				4.22	7.31		<u>17 114</u>	48.66
70 FINANCIALS(118)	2112.72		01 2111.05			4.97	10.66	11.15 29		5.45
71 Banks, Retail(0) 72 Banks, Merchant(8)	2767.60 2903.71	-U.8 2/\$3.	96 2789.35 12 2050 24	2047.53	\$U30.83	4.96	12.85		.26 84	9.80
73 Insurance(26)	1176.39	_0 7 1184	12 2859.34 14 1174.16	1175 44	4801 ZU 1347 22	3.92	9.46	12.35 15	.72 88	6.50
74 Life Assurance(6)	2403.40		26 2417.41			6.02 5.33	10.43 7.75	12.18 21		8.42
77 Other Financial(23)	1896.14	+0.4 1828	05 1830.62	1827.57	2027.79	4.13	7.(5 8.34	15.73 0.0 14.21 11.		0.15
79 Property(46)	1369,28	1369.	46 1363.45	1367.08	1711.19	4.42			.or 99 38 79	7.91
BO INVESTMENT TRUSTS(138)	2563.43		71 2541.58			2.47				7.04
89 FT-SE-A ALL-SHARE(915)	1480.65		36 1471.59				2.01	49.71 11.		6.66
					1035 (8	4.28	7.85	15.71 9.	<u>55 118</u>	34.00
T-SE-A Fledging	949.00		47 950.58		-	3.09	-	- 4.5		3.45
T-SE-A Fledging ex Inv Truets	947.47	-u1 348	61 949.63	20U.00	-	3.27	-	- 4.7		210
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Hourly movements										ļ
Open 9.0	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/da	y Low	أيساء
T-SE 100 3029.5 3022	.6 3031.4	3027.0	3025.2 3	023.4	3021.8	3018.4	3010.8	3031,9		
T-SE Md 250 3322.9 3824		3325.2		323.0	3322.6	3320.6	3316.9	3330.9		
T-SE-A 350 1505.2 1502				502.9	1502.2	1500.7	1497.3	1506.9		
						-			1747	~~ {
ime of FT-SE 100 Day's high: 9,55am Day	's ICW: 3.55pm	n. FT-SE 190 19	994 Hight 95	90. 3 g/2/54	Low: 287	£8(24/6/94	1.			- [
f FT-SE Actuaries 350	Indian	er beetee	-							ì
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Ide & C 001 8 997 0	8820 5	189.1 1892.6		984 6	284 1	861.0	992 0			

Property(46)			1389,	<u></u>	<u> 1369,4</u>	5 1363.45	1357.08	<u> 1711.19</u>	_4.42	5.00 :	25.00 4.38	797.04	
D INVESTIMEN	TRUST	5(133)	2563.4	3 +0,	2 2547.7	1 2541.58	2538.40	2928.52	2.47		9.71 11.79		•
FT-SE-A AL	L-SHARE	915)	1480.6	<u>-0.</u>	3 1484.30	8 1 <u>471.59</u>	1472.75	1632.78	4.28		15.71 9.65	1184.00	
SE-A Fledgling SE-A Fledgling		ruets	949.0 947.4				9\$1.48 9\$0.86	=	3.09 3.27	=	- 4.58 - 4.78	953.45 952.10	
Hourly n	novem	ents											
	Ope	e 9.0	0 10.	<u> </u>	.00.	12.00_	13.00	14.00	15.00	16.10	High/day	Low/day	
SE 100	3029						3023.4	3021.8	3018.4	3010.8	3031,9	300g.g	
SE M4d 250	3322						3323.0	3322.6	3320.6	3316.9	3530.9	3315.4	
SE-A 350	1505	.2 1502	1.7 150	6.6 15	04,5 1	503.5	1502.9	1502.2	1500.7	1497.3	1506.9	1496.6	
of F7-SE 100 i	Day's high: 1	9,55em Den	/s Icw: 3.5	ōpm. FT-6	E 190 196	4 High: 35	E0.3g/2/5	9 Low: 287	8.8(24/8/BA)				
FT-SE A	ctuarie	s 350	Indu	stry b	asket	3							
	Open	9,00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Chance	
g & Cristron	861.8	862.0	862.9	863.1	863.5	B84.4			861.8	882.0		+2.8	
ATTERIOR LITTLE IN	3606.5	3598.7	3618.5	3620.1	3618.9	3617,9	3615. 9	3606.3	3804,2	3610.4	3599.2	+11.2	

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CONSORZIO IRICAV UNO

General Contractor for T.A.V. Treno Alta Velocita S.o.A. for the section Rome-Naples

ABSTRACT OF CALL FOR BIDS NOTICE No. 12 The Consorzio IRICAV UNO, with headquarters in Rome, Via

Tovaglieri, 17 - 00155 ROME - Tel. + 39 6/23.19.71 - Fax + 39 6/23.08.316, announces for and on behalf of the consortium by the consortium members Ansaldo Trasporti S.p.A., Astaldi S.p.A., Consorzio Cooperative Costruzioni, the summary of the procedure for bids, according to Directive 93/38 EEC of 14.06.1993, for the assignment of the works for the realisation of the "Galleria Pelliccione" (tunnel) and adjacent works.

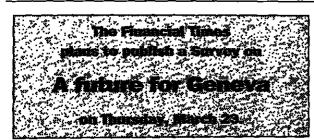
Place of work: Municipality of Valmontone, Province of Rome. Method of adjudication: offer of unitary prices according to Art. 5 of Italian law 14/73. The offers should not exceed Lit. 34,000,000,000 (thirty four

billion) excluding VAT. Prevailing category A.N.C. (National Register of Constructors)

The interested companies should send their offers of participation to arrive by 1 p.m. on 4th April 1995, according to the regulations of the Complete Call for Bids Notice which was sent to the Publications Office of the European Community on 24th February 1995 and to the official journal (Gazzetta Ufficiale) of the Republic of Italy on 27th February 1995.

Explanatory notes, as well as a copy of the complete call for bids are available to interested companies from the headquarters of Consorzio IRICAV UNO - Ufficio Affidamenti e Contratti - from 06.03.1995.

CONSORZIO IRICAV UNO THE CHAIRMAN Ing. Angelo FLORES



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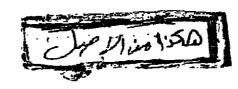
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8 101 658 614 614 -18
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27 481 3 0276 3 -18 Velmons 0.30 14 187 20¹g 19¹d 19¹d - ¹2
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Ventone 21 1502 25¹d 25¹d 25¹g - ¹g
Vlcor 34 1397 35¹g 33¹d 35¹g + ¹g
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demon.co.uk

AMERICA

36

Dow on hold ahead of key economic data

Wall Street

US shares were mixed yesterday morning as the dollar group was in discussions to renewed its decline and investors waited for economic data due out later this week, writes Lisa Bransten in New York.

By 1 pm the Dow Jones Industrial Average was off 9.34 at 4,026.27, while the more broadly traded Stanbroadly traded Stan-dard&Poor's 500 gained 0.15 at 489.72. The American Stock Exchange composite fell 0.28 at 452.50. Meanwhile, the Nasdaq composite rose 1.25 at 803.46. Trading volume on the NYSE was 256m shares.

Investors were waiting for figures on producer and consumer prices, capacity utilisation and industrial production. The market's recent rally has been attributed in part to traders betting the Federal Reserve could negotiate a soft landing in which it would stave off inflationary pressures without causing a recession.

Turmoil in Latin American financial markets hit home as banks with large Latin businesses took a beating. Trigger ing the slide was a profits warning issued late on Friday by Bankers Trust, which said that it might lose as much as \$125m in the first quarter due to losses in Latin America and a slowdown in its derivative business.

Bankers Trust was off \$8% at \$525. J.P.Morgan \$2% at \$61 and Citicorp \$14 at \$41%.

Meanwhile, American Depositary Receipts of Mexican companies were mostly lower vesterday in spite of Friday's de Mexico was off \$\% at \$27\%, Grupo Televisa lost \$7 at \$14%

and Empresas ICA was down \$% at \$4%. Equitable gained \$14 at \$23% after reports that the insurance and financial services

sell its investment banking unit, Donaldson, Lufkin & Jen-Ventitrex, which trades on the Nasdaq, lost \$11 at \$191 after an analyst at Bear Stearns downgraded his recom-

mendation to "hold" from

"attractive." Mr Rick Wise said he had cut the rating because a rival company. Guidant, had received FDA approval last Thursday for a heart device similar to one Ventitrex is developing. Guidant was up 3% at \$181/2

vesterday. General Motors rose 8% at \$42¼ after the Labour department approved the transfer of \$6.3bn worth of class E shares into the US hourly pension fund. The move is beneficial because it should put the company on track finally to eradicate balance sheet troubles.

Toronto edged higher in sluggish trading, backed by contin-ued strength in gold shares. The TSE 300 index rose 2.45 to 4,169.99 with 19.5m shares traded, valued at C\$181.5m. Rises outpaced declines by 254 to 200, with 255 unchanged.

Among gold stocks, Placer Dome rose CS% to C\$31 while Barrick Gold, recommended by Brown Brothers Harrison, gained C\$14 to C\$3214. Airline stocks continued to lift after receiving new US landing slots on Friday. PWA Corp topped the TSE's most active list, up CS0.025 to CS0.445.

Santiago continues ahead

Chilean stocks continued higher although some profittaking brought prices back from their best, early levels. The selective IPSA 40-share index, which jumped 4.6 per cent in early trade, was still 3.23 or 4 per cent higher at 84.70 during afternoon trade on strong buying by local investors, particularly pension funds, after the market's rollercoaster performance last week.

On Friday, the index rose 9.4 per cent, its largest one day at 310.72.

rise for more than eight years, on expectations that a loan agreement between Argentina and the MF was imminent. Masisa, the forestry company, surged 14 per cent to 221 pesos and Andina, the bottler. was 5 per cent higher at 1,525

BUENOS AIRES posted further gains after Friday's 12 per cent advance. The Merval index was 10.94 or 3.6 per cent higher in late morning trading

MARKETS IN PERSPECTIVE									
	% charge in local currency †				" change tanking †	% change In US S †			
	1 Week	4 Wooks	1 Year	Scart of 1995	Start of 1995	Start of 1995			
Austria	-2.52	+3.01	-17.40	-6.41	+1.42	+2.52			
Belgium	-2.66	-4. 5 8	-14.67	-5.53	+1.59	+2.70			
Denmark	-3.90	-5.94	-16.53	-4.791	+0.74	+1.83			
Finland	-2.64	-10.15	-5.79	-10.18	-4.48	-3,44			
France	-2.58	-6.06	-19.51	-6.13 ¹	-1.56	-0.50			
Germany	-5.17	-5.95	-9.18	-5.85	+2.05	+3.16			
reland	-2.68	-5.08	-2.72	-2.58	-1,40	-0.33			
Italy	-2.89	-10.60	-7.14	-3.87	-7.92	-6,92			
Netherlands	-1.70	-4.57	-5.02	-3.89	+3.89	+5.02			
Norway	-3.41	-10.56	-13.06	-10.93	-5.54	-4.52			
Spain	-5.39	-8.23	-20.07	-6.57	-6.37	-5.36			
Sweden	-1.75	-6.27	-2.18	-0,75	+1.37	+2.47			
Switzerland	-4.36	-5.92	-13.10	-6.00	+2.98	+4.09			
UK	-0.20	-2.96	-8,08	-1.79	-1.79	-0,73			
EUROPE	-2.32	-5.16	-10.79	-4.07	-0.67	+0.40			
Australia	-1.98	+0.98	-11.28	-2.13°	-6.95	-5.94			
Hong Kong	-2.66	+0.69	-21,20	-0.32	-1.32	-0.25			
Japan	-2.95	-7.16	-18.08	-15,24	-8.30	-7.31			
Malaysia	-4.66	-4,07	-10.67	-2.97	-3.97	-2.93			
New Zealand	-1.88	-1.44	-7 .15	+2.04	+2.01	+3.11			
Singapore	-2.95	-0,31	-3,02	-8.60	-7.30	-5.29			
Canada	+1.86	+1.81	-2.09	-0.52	-1.87	-0.80			
USA	+0,77	+1.52	+6.16	+6.56	+5.51	+8.65			
Mexico	+5,19	-16.13	-31.22	-28.62	-47.70	-47.14			
South Africa	-0.23	+0.20	-0.08	-11.94	-3.93	-2.89			
WORLD INDEX	-1.34	-3.02	-7,58	-4.07	-1.55	-0.48			
• December on March 10	D 1995 (Committee Ti	a Brancial	Times Limi	had Goldma	n. Seche A			

FT-ACTUARIES WORLD INDICES

..179.56 ..162.74 ..147.84

.349.57 .326.97 .124.69 .236.81 .171.94 .134.21 .193.41 .200.26

153.21

Dey's Change %

1.8 -1.3 0.0 -2.0 -1.7 1.3 -1.3 -1.1 -1.4 -0.3

Pound Starling Index

151.36 175.84 162.16 98.99 120.33 240.39 168.34 152.57 138.60 304.98 436.26 701.82 213.83 68.11 169.81 1327.73 308.54 117.08 222.01 161.20 125.82 181.83 187.74

171.45 105.47 169.03 97.83 212.31 130.61 143.63 88.36 149.96 92.25 183.57 112.93 143.38 88.20 215.37 132.49 150.19 92.39 159.56 98.15 178.40 108.52

....172.24 -0.4 161.47 99.34 126.66 140.76

63.12 108.05 99.76 60.90 74.03 147.89 103.56 93.86 85.27 187.83 118.55 40.42 83.90 268.37 147.39 201.62 117.39 201.62 117.39 201.62 117.39 201.62 117.39 201.62 115.50

118.73 137.70 77.85 84.39 182.05 118.89 108.72 239.24 151.16 342.21 108.99 342.21 165.49 257.06 240.45 174.15 126.49 174.15 126.49 142.27

134.48 124.74 186.53 112.67 117.63 148.99 112.47 168.94 117.81

144.04 137.75 124.90 171.32 130.76 130.76 130.76 130.84 128.62 108.72 322.91 183.90 457.45 5442.87 125.98 59.63 174.31 122.9.08 224.07 122.96 222.45 125.18 181.38 181.38

153.61 144.49 202.50 93.44 113.06

195.54 123,47 202.53 116.10 136.79 176.16

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of lines

The World Index (2249)...

EUROPE

Rights issue fears undermine weak Milan bourse

After a morning affected by currency nerves, Wall Street's inability to sustain Friday's gains weighed on senior bourses; but the biggest swings in share price indices, in Italy and Germany, came in low vol-ume, urites Our Markets Staff.

MILAN was hit by lira and sion in which few investors were willing to build new posi-tions ahead of today's expected parliamentary vote on the budget. The Comit index fell 6.23 to 598.86 while the real-time Mibtel index lost 173 or 1.8 per cent to 9,543.

Gemina finished down L148 or 14.1 per cent at L903, having twice been suspended for excessive losses, after the announcement late of Friday that the financial holding company was seeking a capital increase of up to L1,530bn. Mediobanca, which along with Paribas is to guarantee the operation, lost L371 to L11,943. Fondiaria, the insurer which

has said that it expected to have lost hundreds of billions of lire in 1994, dropped L698 or 7.5 per cent to L8,639 on fears that it planned its own capital increase. Benetton added to Friday's 4.8 per cent fall with one of L568 to L14,041 on continuing worries about the company's margins.

Cir was under pressure, losing L59 to L1,479, on renewed concerns about the expected size of Olivetti's losses for 1994. Olivetti was off L39 at L1.822. FRANKFURT's Dax index

came off a high of 2,017.96 to end the session at 1,999.49 turnover falling from DM7.6bn to DM5.3bn. The key index continued downwards in the post bourse to end 34.71, or 1.7 per cent off at an Ibis-indicated 1,974.14, its low for the day. Traders said that DTB sell-ing of futures and then the

cash market had more effect than negligible movements in the dollar, and in bonds. Last week's discrimination between cyclical and defensive stocks was not extended with Allianz and Deutsche Bank down DM59 to DM2397, and DM14.90 to DM679.10, and BMW and Continental DM18.80, and DM9.50 lower at DM693 and DM195 respectively.

However, a sector strategy report from Salomon Brothers added its weight to the debate: the broker said that cyclicals might not be able to achieve the significant earnings recovFLES EXOLATES STATE IN TESS 4 TAXABLE THE BUTQFEAN SERIES 12.00 14.00 18.00 Page 1235.59 1233.88 1231.E: 1277.07 1277.07 1225.15 1225.E 1222.F 1331.28 1332.31 1329.13 1225.45 1224.78 1222.65 1224.77 1327.77 l'ac 3 Max 10 Mar 9 1249 20 1327 30 1243.54

ery the market expects if the D-Mark remains strong, and if the European capital spending cycle turns out to be weaker

than expected. PARIS suffered in sympathy with a weak franc and sank to its lowest level since November 1992. The CAC-40 index ended 21.3 down at 1.721.8 on turnover of FFr3bn with sentiment hit by the suspension of two leading stocks.

Trading in Alcatel-Alsthom was halted pending a statement about the judicial suspension of the company's chairman. The shares reopened in the afternoon and ended FFr7.20 lower at FFr387.50. Spie Batignolles, the building and public works unit of Schneider, did not trade pending news of its financial restructuring, but Schneider

MANILA rose after six days

of decline as local investors

started to accumulate issues

sold down by foreign fund managers. The composite index closed 24.57 higher at

Turnover stayed light with

1.4bn shares worth 825.2m

pesos changing hands and bro-

kers, noting sustained selling

pressure from foreign inves-

tors, cited this as a sign of

underlying weakness in the

SYDNEY ended positively

after eight falls in a row, the

All Ordinaries index closing

15.6 higher at 1.884.5. Turnover

was estimated at A\$261m.

thinned by the Labour Day hol-

at A\$18.22 and, in mining, CRA

gained 18 cents to ASI7.54 as

WMIC rose 10 cents to AST.05

BHP closed 14 cents higher

iday in Melbourne.

well received.

2.335.530.

market.

fell FFr15 to FFr885. Elsewhere, Canal Plus, the

pay television group, lost a further FFr46 to FFr591 in response to last Friday's slide in profits and warning over future earnings. The electrical equipment group. Legrand. rose FFr50 to FFr5.650 as a buyer picked up some of the tightly-held stock following well-received figures last week.

ZURICH made a firm start before the continuing strength of the Swiss franc again prompted profit-taking, leaving the SMI index to close 17.4 lower at 2.450.3.

Surveillance, the world's largest trade inspection and testing organisation, whose performance is heavily dependent on the dollar, fell SFr110 or SFr1.620, after a low of

selling by a Geneva based private bank, and subsequently by UBS, promoting expectations that the bank might be about to downgrade the stock. Vaerie whose shares held up

well in last week's falling market. dropped SFr16 to SFr1,102 as investors reassessed its prospects in the light of the Swiss franc's strength against not only the dollar, but also other European currencies.

SBC picked up SFr5 to SFr348 ahead of 1994 results tomorrow, while CS Holding fell SFr11 to SFr458 after its annual news conference in London.

AMSTERDAM took a pragmaric look at the dollar and the defensives cyclicals argument as the AEX index ended just 0.33 down at 393.33.

In contrast with recent fashion, financials were marked down on talk of downgradings by brokers worried about the effect of the higher dollar, but a senior cyclical, Hoogovens, was lifted Fl 1.70 to Fl 67.40. analysts saving that Thursday's 1994 results should benefit from buoyant steel and aluminium markets and extensive

there was with a rise of two

KUALA LUMPUR edged

lower on profit-taking amid

uncertainties over the US cur-

rency and a lack of domestic

leads and the composite index

cents or 4.2 per cent to M\$15.80

on rumours, denied by the

managing director, that the

bank had suffered \$200m of

BOMBAY tumbled 2.8 per

cent on hectic selling by specu-

lators and a lack of activity

from local mutual funds follow-

ing setbacks suffered by the

ruling Congress Party in the Gujarat and Maharastra elec-

tions. The BSE 30 index fell

105.11 to 3.41.08 as attention

turned to expectations of

changes in indirect taxation in

tomorrow's budget.

closed 3.10 lower at 932.02. Malayan Banking fell 70

cents to \$5.60.

trading losses

MADRID trod water ahead of the release of key inflation data today and anticipation of a 50-basis point rise in the intervention rate.

The general index closed marginally higher at 267.37, helped by recovery among some hard-hit stocks. The sausage skin maker, Viscofan. bounced Pta45 to Pta1,585 and the property developer, Vallehermoso, by Pta15 to Pta1,740. A flight to quality helped Banco Popular up Pta160 to

STOCKHOLM's världen General index, down 2.10 at 1,460.30, concealed a rise of SKr4 to SKr183.50 for Astra A, as the pharmaceuticals company got FDA approval for extended use of its anti-ulcer drug, Losec, in the US; and a fall of SKr2 to SKr151 for Skanska B ahead of the construc-

tion group's 1994 figures today. BUDAPEST jumped 45.87 to 1.258.48 in reaction to the 9 per cent devaluation of the Hungarian forint. Hungarian shares have fallen from a peak of 2.189 in February last year.

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2... 2... 2...

Written and edited by William Cochrane, Michael Morgan and

KARACHI extended Sun-

day's fall of 1.9 per cent and hit

a new 1994-95 low on uncertain

political conditions and

unabated violence in Karechi,

the KSE 100-share index falling

32.86, or 1.8 per cent to 1.770.34. SEOUL finished marginally

lower, after nine consecutive

day's of rises, as broadly based

profit-taking more than offset

sharp early rises. The compos-

ite index turned back from a

high of 968.80 to finish 1.04

TAIPEI focused on electron-

ics issues, the sector ending 1.8

per cent higher as the

weighted index rose just 22.20

BANGKOK fell on the fluctuating dollar and tight domestic

liquidity, the SET index clos-

ing 14.81 lower at 1,174.67. after

moving between 1,172.04 and

1,201.71. TPI Polene was Bt3

easier at 953.16.

to 6,503.18.

lower at Bt127.

ASIA PACIFIC

Program trades drive Nikkei as Hong Kong adds 2%

∴.CCO

3.800

3.600

3.400 - -

Jan

and MIM I cent to AS1.59.

WELLINGTON dealers were

disappointed as the NZSE-40

index rose just 6.10 to 1,950.85

against expectations, following

the Dow's rise, of a 15-point

Source: Decastream

1995

Tokyo

Late buying saved the Nikkei index from slipping below a 15-month low on Monday, but volume was thin, writes Bethan Hutton in Tokyo.

The 225 average closed up 119.26 at the day's high of 16,477.64, after a low of 16.081.04 tested resistance at the 16,000 level. Volume dropped to around 250m shares, compared with Friday's

Although the main index rose, declining stocks outnum-bered gainers by 646 to 358, with 160 unchanged. The first-section Topix index fell 2.79 to 1,320.17, while the Nikkei 300 index was down 0.11 at 243.83. In London, the ISE/Nikkei 50

index fell 1.54 to 1.078.27. Ms Kathy Matsui of Goldman Sachs said that program trading had driven the market: "We saw quite a big breakdown caused by some major sell programs in the afternoon session; then, very much in the last half hour or 15 minutes the market shot up by 100 points on some buy programs.

Concern over the lack of action on the strong yen was still depressing the market, but there was evidence of support expect the market to trade in the range of 16,000 to 17,000 until there is a decisive move on the ven issue.

"The yen I think is concern number one on investors' minds at the moment, plus the fact that we are approaching the end of the fiscal year," said Ms Matsui.

Kobe Steel, announced large post-earthquake losses after the market closed, ended the session down Y3 at Y244, having regained some ground. Nippon Steel also lost Y4 to close at Y334.

Securities stocks were among the day's losers. Yamaichi Securities had the sharpest fall, Y21 to Y605, because of concern over plans to help its loss-making affiliate. Taiheivo Securities. Daiwa Securities dropped Y30 to Y1,050, Nomura Securities closed down Y10 at Y1,650, and Nikko Securities

slipped Y5 to Y847. Banks also suffered Industrial Bank. Bank of Tokyo, Mitsubishi Bank and Dai-Ichi Kangyo lost between 0.4 and 1.2 per cent. The heaviest loser was Sumitomo Bank, down Y50. or 2.8 per cent at Y1,750, while Daiwa Bank and Fuji Bank bucked the trend with small gains. Sakura Bank was unchanged at Y1.120.

High technology stocks were mixed. Pioneer Electronic lost Y80 to finish at Y1.980. and Matsushita dropped Y10 to Y1,360, but Sony climbed Y40 to Y4,240, and TDK gained Y10 at Y3,990.

In Osaka, the OSE index closed down 136.83 at 18,362.45 in volume of 237m shares.

Roundup

The Hang Seng index closed 161.88 higher at 8,111.27, having before the close.

numbers over three years.

Wall Street's 52 point rise in the Dow last Friday found some markets in the region more responsive than others. higher, boosted by selective buying of heavily weighted blue chips, but volume was

peaked at 8,123.34 shortly HSBC rose HK\$2 to HK\$80 while Hongkong Telecom

added 35 cents to HK\$14.05 on news that it would cut its staff Sun Hung Kai Properties gained HK\$1.55 to HK\$50.75. boosted by news that a sale of new flats at the weekend was

S Africa up from lows

Johannesburg finished mixed as the scrapping of the financial rand and subsequent strengthening in the unified unit dragged gold shares lower. After a nervous start, a more positive tone was reflected in a strong industrial market on renewed foreign

US Dollar Index

Pound Sterling Index

164.92 157.37 207.42 143.16 149.00 177.01 141.86 212.70 148.74 156.31 171.78

103.04 98.32 129.89 89.45 93.09 110.69 68.63 132.89 92.93 97.65 107.31

130.17 124.22 163.72 113.01 117.61 139.72 111.97 167.69 117.40 123.37 135.57

172.91 158.35 98.93 124.99 140.39 180.80 195.92 173.55

180.09 171.84 226.50 156.34 162.70 193.28 154.90 232.25 182.42 170.88 187.55

Gross Div. Yield

2.81 3.33 1.89 1.30 2.19 2.62 2.69 3.42 2.21 2.23 3.04

0.3 2.44

1.4 -1.4 -0.5 1.3 0.4 -1.2 -0.3 0.2

demand in the sector. The overall index finished 13.7 better at 5,237.7, industrials gained 51.3 to 6.608.8 and golds fell 32.6 to 1,522.9. De Beers ended 75 cents better at R83.50, in spite of a strong rand, reflecting its

gains in dollar terms.

Local Currency 52 week Index High

Index Index High

118.43 144.59 180.82
138.34 138.32 198.89
125.91 124.18 177.04
62.21 140.35
91.80 130.07 141.01
185.42 198.75 275.27
131.73 165.04 201.41
118.68 127.54 181.44
109.15 109.15 154.61
238.85 327.96 416.42
151.51 185.16 277.10
51.89 85.16 97.78
107.49 85.06 770.10
343.15 465.83 594.76
488.27 5278.73 2414.12
186.14 184.02 232.41
182.80 60.07 77.20
146.56 171.26 216.03
235.57 230.90 401.38
230.52 230.52 342.00
90.88 122.01 150.21
170.62 248.20 247.40
128.45 125.54 179.86
99.92 132.91
141.68 179.50 205.58
142.88 197.68 200.28

151,42 148,62 198,72 94,72 113,62 193,06 123,01 204,94 116,50 136,55 174,55

138.85 153.29 388.16 488.65 647.81 2210.03 191.28 202.90 62.05 69.22 177.53 201.57 294.88 323.04 265.55 269.88

259.89 145.90

Between the hype

and hysteria

are the facts.

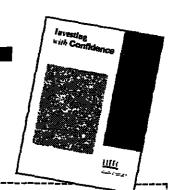
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Despite the country's hesitant pre-electoral mood, David White and Peter Wise believe the economy is on track to meet this year's growth forecast

still ingrained in the walls of Lisbon are the graffiti of more than a bility. Since July 1987 he has enjoyed a single-party majority, a novelty after 13 years in decade ago, urging successive administrations out of office reminders of a time before the Portuguese got tired of seeing governments change with the regularity of ferries crossing the Tagus.

Economic confidence in Portugal, most evident during the enphoric growth of the late 1980s and now more cautiously returning, has been supported by two pillars: membership of the European Union since 1986, and recent political stability. The second of those pillars is now definitely starting to wob-

The political scene has changed with the decision in January by Mr Anibal Cavaco Silva, the prime minister, to abandon the leadership of the ruling centre-right Social Democratic party (PSD) after almost 10 years. This puts the country in the unusual interim position of having a prime minister who is not a party leader.

Mr Cavaco Silva will stay on as head of government until general elections. The odds are now that these will take place on schedule in October. Mr Mário Soares, the Socialist president, last week rejected opposition calls to hold them earlier. The elections could well produce a political stale-

The prospect of a shaky minority government or uneasy coalition inevitably recalls the agitated early years following the 1974 revolution. Mr Cavaço Silva came in as the 10th post-1974 prime minister. In power since October 1985, an unprecedented run in Portuguese democracy, he has become synonymous with stawhich Portugal had 16 govern-

He presided over the initial period of EU membership. which brought a spurt in growth, new middle-class wealth, liberalisation, and a big improvement in consumer choice and standards. Spirits and the government's standing both flagged with the onset of recession in mid-1992, and recovery, although clearly under way and accompanied by the lowest inflation for 25

Mr Cavaco Silva, clearly judging that the recovery wave might not be strong enough to regain the government's lost popularity, has left himself clear to run for head of state next year at the end of President Soares' second and final five-year term. The PSD already faced electoral difficulties. The Socialist party has been ahead in the polls for some time, although it scored only a narrow lead in last June's European parliament

Many doubt whether the new PSD leader chosen last month, Mr Fernando Nogueira, a forceful 44-year-old, up to now defence minister and long-standing number two to Mr Cavaco Silva is the man to breathe new life into the party's support.

Portugal is now therefore in a hesitant pre-electoral mood. It is unlikely that either of the two main parties will win an outright majority. A Socialist-PSD grand coalition as in 1983-85 is most unlikely. Since no one wants to join forces with Portugal's unreconstructed Communists, this

means either a one-party minority government or an alliance between one of them and the conservatives of the small, newly-renamed Popular

While all this has an uncomfortable element of déjà vu, the situation does not carry the same dangers it did 10 years ago. Portugal is not struggling out of a balance-of-payments crisis. It is better-equipped, and the government has a lesser rôle in the economy - partly because of the crucial part played by EU funds and decisions made in Brussels, partly because of the reduced weight of the nationalised sector and correspondingly increased size of the private sector.

A further reason why wobbly politics matter less is that no prospective government would deviate much from the current economic stance. Mr Eduardo Ferro Rodrigues, Socialist party economics spokesman. says a Socialist government would have little room for manoeuvre, although it would want to change the tax structure and investigate the high cost of commercial borrowing which hobbles much of the country's industry. "We cannot break with the main lines of economic policy," he says.

ven so, the political out-look threatens to undermine the confidence of hoth investors and consumers. An accessory cause of unease among foreign investors was the government's handling last month of the takeover of the third largest bank, Banco Totta e Açores. In order to ensure the bank's return from Spanish to Portuguese control, it lifted the standard requirement for



The Lisbon Stock Exchange, in its new building on the city's northern edge, has been the scene of takeover fever. See Page 3 of this survey

the buyer to make a full bid for all the shares, prompting the board of the stock exchange commission to resign en bloc and encouraging suspicions about the temptation to bend rules when politically conve-

Investment decisions may be delayed. Important government business will also be set back if the elections are not held until October, with approval of the 1996 budget likely to be several months

However, the economy appears to be on track to meet the government's forecast of 2.5-to-3.5 per cent growth this year, which would bring it back in tune with the general EU trend. This is, however, still nothing like the second half of the 1980s when growth averaged nearly 5 per cent. No Portuguese region yet comes anywhere near the EU average for per capita income. Last year's real increase in gross domestic product is put by the Bank of Portugal at 1 per cent, after a negative 1 per cent figure in 1993.

Private consumption has suffered from a decrease in families' disposable incomes in the past two years, and from the discouraging impact of a rise in unemployment (7.1 per cent of the working population at the end of last year, compared with 4.5 per cent two years earlier). Private investment also remains weak Portugal. because of its export dependence on other European economies, is relatively late in following the economic cycle, with a lag of about nine months on its partners. In terms of a recovery in domestic demand, economists say the lag is more like 18 months.

Although much of the impetus this year is expected to be provided by public investment - something of a custom in an election period - growth so far has primarily come from exports, three-quarters of which go to the rest of Europe.

Volkswagen and Ford's new joint-venture plant at Palmela, south of Lisbon, is on its own expected to add more than 15 per cent to Portugal's exports by the time its minivan saloons are in full production next year. But the country's vulnerability is underscored by a row over the threat of closure at Renault's plant at nearby Setubal, in operation where it is cheapest to employ production workers. The current minimum legal wage is Es52,000 (\$335) a month. But it cannot rely on keeping a competitive edge on that basis alone. The GATT deal and EU association agreements with eastern European countries threaten to undermine Portugal's markets - especially

lower-wage competition. The government has lashed itself to the aims of a stable escude, low inflation and budget control in an effort to meet the convergence targets for the third phase of European economic and monetary union. But Portugal reluctantly accompanied Spain's currency devaluation on March 6, because of the close ties to fail.

clothing and textiles - with

Devaluation: the Spanish factor

For several months, the escudo had been under no undue pressure. But on March 6, Portugal abruptly devalued the central parity of the currency in the ERM by 3.5 per cent.

The motive was not a sudden darkening of the economic outlook, but a rejuctant decision that it would be prudent to accompany Spain's 7 per cent devaluation of the peseta... So is Portugal tied See Page 2 of this survey

Futures: Barcelona as model......3 Privatisation: a Telecom pointer. 4 Old families: they're back..... Banking: reshaping itself.... Offshore centres: trade winds.... Bectrenic purse: leaping ahead. 6 Real estate: shoos in demand7 Project figance: bridging a gap.. 7 Tourism: new life for villages...... 8

between the two economies. Inflation over the 12 months to December was down to 4 per cent and, in spite of a jump in January, the authorities hope for a lower level this year, with wages expected to recover slightly in real terms. The 1994 budget deficit turned out at 5.8 per cent of GDP, a full percentage point below initial projec-

Devaluation has weakened the arguments of those in Portugal who believe that, if Spain and Italy miss the boat to join the front-running group of Emu countries, Portugal should still stick to its aims. But there is a tacit consensus that, if Spain were to make the first group, then Portugal must, too. It is one test the Portuguese would be horrified

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The economy: **Peter Wise** discusses the reluctant and controversial devaluation of the escudo

Tied to Spain? That is the global view

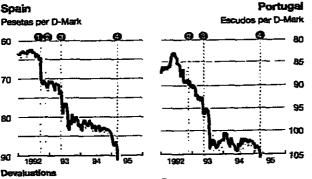
In the midst of recession in the spring of 1994, the Bank of Portugal used every weapon within its grasp - from heavy interventions in the foreign exchange market to colossal increases of money-market intervention rates - to defend the escudo against attacks by

speculators.

The strategy was costly but successful. For 18 months from August 1993, when the fluctuation bands of the European Monetary System's exchange rate mechanism were widened to 15 per cent, the escudo remained secure within a relatively narrow band of Es101.5 and Es104.5 to the D-Mark

Currency stability provided a foundation for Portugal to resume non-inflationary growth. Average annual inflation fell to 5.2 per cent in 1994 - the lowest level for 25 years - from 6.5 per cent in 1993. After two years of recession, gross domestic product began to grow at an annualised rate of 2 per cent in the second half of 1994.

Currencies under pressure



@ 29 11 92: Spain 6%, Portugal 6% @ 6.3.95: Spein 7%, Portugal 3.5% @ 14,5,93: Spain 8%, Portugal 6.5

But on March 6 this year. when for several months the escudo had been under no undue pressure, Portugal abruptly devalued the central parity of the currency in the ERM by 3.5 per cent. The motive was not a sudden darkening of the economic outlook but a reluctant

decision that it would be prudent to accompany Spain's 7 per cent devaluation of the seta, which had been under selling pressure for several

It was an occasion when Lisbon officials might have recalled the Portuguese proverb that nothing but bad marriages

Officials feared that failure

and ill winds can be expected from Spain. Portugal's unwilling decision to devalue was an acknowledgment that the escudo and peseta are closely linked in the perception of international markets, despite what Portugal sees as the more favourable evolution of its

to accompany Spain would have threatened the credibility of Portugal's exchange-rate policy and possibly provoked fresh speculation against the escudo. "Portugal must have felt aggrieved, but it clearly opted to devalue as an insurance policy for the escudo

and the economy," said David McWilliams, serior European economist with Union Bank of Switzerland in London. devaluation

predicament of its neighbour with the Portuguese. They

Being pressured into a has unquestionably rankled have had to accept that their

own success in establishing reasonably healthy economic trends has not yet been sufficient to separate the country's fortunes from those Spain joins. Spain in the eyes of

The devaluation particularly aggravating for Portugal, as it came after a period of seven months when the escudo had appreciated about 5.5 per cent against the pesera, establishing a clear distinction between the evolution of the two currencies. This was a result of the credibility Portugal has won for its determination to preserve foreign exchange rates stability as a central element of economic policy, says Joáo Costa Pinto, deputy governor of the Bank of

international investors.

Largely because of joint membership of what is now the Union, European and Spanish Portuguese economies have increasingly interlinked. Bilateral trade has grown tenfold in the past decade. Spain is Portugal's second biggest export market after Germany, accounting for about 15 per cent of exports. Spain is Portugal's

accounting for

But trade is overriding escudo to track appreciation of the evolution of the two cent

the escudo, stronger escudo effect Portugal's competitiveness in other markets. Total exports increased by more than 12 per cent last year, compared with a decline of 4.1 per cent in 1993, and Portugal succeeded in

But Portuguese officials are clearly not confident that Spain will avoid further devaluations of the peseta. This would give Spain an important edge in exports markets, particularly tourism, where both countries compete strongly against each other. Parallel devaluation has provided Portugal with a margin for manoeuvre in terms of both exchange-rate stability

and trade, However, some economists believe that by devaluing with Spain. Portugal lost an opportunity for a definitive uncoupling of the two currencies. "We are not obliged to import Spain's political and economic problems by linking our currencies so closely, says a Lisbon economist. "The devaluation was a signal that Portugal's exchange-rate policy is not, in fact, stability, but to

follow Spain. The Bank of Portugal has reaffirmed its commitment to maintaining a staunch defence of exchange-rate stability following the currency realignment. But a Bank economist said he expected the escudo to fall to a level of Es105 to Es108 to the D-Mark. He said this would almost certainly lead to increases in intervention rates and would damage expectations of a continuing decline in inflation.

longer-term The longer-term repercussions of devaluation ear on Portugal's capacity to move towards European monetary union with the first group of member states. Following the currency realignment, many economists believe it is now inevitable that Portugal will only join the single-currency group when

This is in line with the thinking of the opposition Socialists. But the centre-right government had nurtured the hope that Portugal could have been in a position to at least consider participating in monetary union, even if Spain was left behind. That aspiration now appears to have heen stifled for good.

The government remains committed. "The progress Portugal has made over the inflation, long-term interest rates, the budget deficit, and public debt has placed us in a better relative position than Spain, Italy or Sweden," says Eduardo Catroga, the finance minister. "We will continue to make steady advances in relation to both real and nominal convergence."

His confidence is reasonably supported by results. The inflation differential between Portugal and the EU average narrowed to less than one

with 5.5 point The devaluation was particularly aggravating Antônio de Sousa. for Portugal, as it came governor of the after a period of seven

an months when the escudo Portugal. had appreciated about attributes a 5.5 per cent against the peseta, establishing a Despite clear distinction between from 4.0 per

Spain grew by an estimated 20 January to increases in value prices. He is confident the downward trend will be rapidly re-established.

jump in the

year-on-vear

rate of inflation

The budget deficit fell to 5.8 per cent of GDP last year, from 7.4 per cent in 1993. The current account is headed for a surplus of 0.5 per cent of GDP this year, largely due to EU transfers. Public debt, forecast at 72.4 per cent of GDP this year, is at a moderate level. However. despite the government's ostensible commitment to nominal convergence, Miguel Namorado Rosa, an economist with Banco Comercial Português, believes it is more immediately concerned with stimulating economic growth. He considers the 1995 budget excessively expansionist, and notes that it includes specific stimuli for private consumption, such as a suspension of stamp duty on

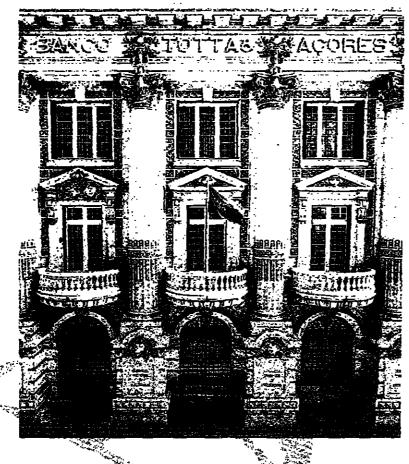
consumer credit. This concern with growth. which appears to be reflected in the decision to devalue, may not be unrelated to the election in October. Opposition economists suggest the government may be planning a mid-year increase in public sector pay or in pensions if public finances evolve

favourably. Private consumption and investment were the weakest components of the export-led recovery of 1994, when GDP growth is estimated to have moved to at least 1 per cent from a decline of 1 per cent in government's 1995 GDP growth target of 2.5 to 3.5 per cent to

The path of growth was slower in Portugal than in the rest of the EU in 1994," says Carlos Tavares Moreira, head of Grupo Crédito Agricola and a former governor of the Bank of Portugal. "But the recovery is now a fact."

Economic	indicators:		real change (%)			
	1990	1991	1992	1993	1994	1995
GDP	4.2	2.2	 1.5	-1.G	1.5	3.2
Private consumption	5.0	5.2	4.7	0.3	1.3	3.0
Public consumption	1.9	3.1	1.5	0.3	1.0	4.0
Investment	7.0	2.8	4.5	-5.5	0.5	6.5
Domestic demand	5.4	3.9	3.9	-1.1	1.0	4.0
Exports	12.2	1.8	5.0	-4.1	12.5	8.0
imports	14.0	6.5	11.3	-3.4	7.0	9.0

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PORTUGAL: FINANCE AND INVESTMENT

Peter Wise considers the outlook for the Lisbon stock market

A safer kind of emerging market looks to sell-offs

The Lisbon stock exchange, housed in a gleaming black tower, is an unlikely stage for melodrama. Emotion rarely stirs the small group of young traders, who gather in the high-tech trading room, to raise their voices above a dignified call.

But an undercurrent of excitement began to rouse the market last year, with the announcement of a hostile takeover bid for Banco Português do Atlántico, the second largest bank, by Banco Comercial Portugues, a considerably smaller rival.

Conflict within the previously sedate banking world grew into a financial cliffhanger as other bids followed placing reserved bankers uncomfortably under a spotlight of intense media coverage. The climax is programmed for March 24, when the result of the BCP bid will be deter-

In February, the plot hit a note of high drama when the president and top officials of the Securities and Exchange Commission (CMVM), the capital markets supervisory body, resigned, accusing the government of damaging the credibil-

ity of the market. The measure that provoked the CMVM's five-man executive committee to quit was government authorisation for Antônio Champalimand, a Portuguese industrialist, to buy the 50 per cent of Banco Totta e Acores (BTA), the third biggest bank, owned by Banco Español de Crédito, the Spanish bank, without having to make an offer for 100 per cent.

Although the BTA case has been officially resolved in Mr Champalimand's favour, theoretical arguments continue to

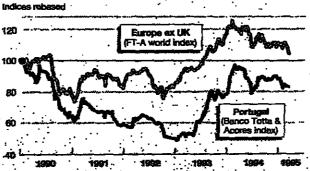
rage over the issue. More important, the CMVM board's resignation, amid a climate of large-scale takeovers, has instigated a wider debate on the role that Portugal hopes to play within Europe's increasingly integrated financial markets, and how best to shape the

> Lisbon bourse. "In a European context, the tendency is for investors to concentrate more and more in highly-developed markets where there is the most liquidity," says a Lisbon fund man-"The critical question we have to ask ourselves is whether a regional market such as Portugal will make any sense at all if it is too highly

regulatory framework of the

regulated ' Portugal's strongest selling point for financial investors is in offering the high economic growth rates of an emerging market without the political and financial risk normally associated with Latin America or Asia. Investors who have given Portugal a significant weighting in their emergingmarket portfolios have been rewarded over the past two

How the market has moved





years. Lisbon performed better than any other European equity market in 1993 and 1994. Share prices, as measured by the Lishon stock exchange's National Continuous Index (BVL-INC), rose by an average of 7.4 per cent last year compared with 1993. In 1993 they had risen 53 per cent over the previous year. Total turnover, including bonds, increased 34 per cent last year and 97 per

cent in 1993. The outlook for this year is less buoyant. Portugal will inevitably be affected by the withdrawal of funds from nerging markets as a result of the crisis in Mexico. Many investors turned to equity in 1994 because of falling interest rates on the bond market, which are now beginning to stabilise. In addition, banks, which account for more than 50 per cent of total market capitalisation, are suffering their heaviest decline in profit

growth for a decade. On the brighter side, the pri-

Vatisations planned for this year of important utilities and industrial companies, including telecommunications, paper pulp and electricity production, will attract new investors. build liquidity and produce a more even balance between financial and non-financial stocks.

Despite these positive signs, Portugal is having to come to terms with the prospect of a more subdued performance for equity market. In this context, investors, traders and regulators are questioning whether the highly-regulated model the country has adopted is best suited for a market that will tend to become more marginal as big company listings are concentrated in more developed centres.

Portugal introduced a "big bang" of operating and regulatory reforms in September 1991. The operational changes have been successful, leading to continuous trading in a national market, technological advances to facilitate dealing, and a computerised national stock registration house. But many investors and deal-

ers find the regulatory side, involving innumerous rules and articles, ranging from insider dealing and takeovers to share manipulation and disclosure, too bureaucratic for a small, emerging market. The red-tape costs of being listed can be among the biggest a smaller company faces.

The CMVM, whose job it is

to apply the regulations, has been perceived by some operators as adopting too persecu-tory an approach. "Some companies have grown reluctant to take initiatives, because they fear they may be breaking a regulation that they don't even know about," said the head of

one investment house.

Fernando Costa Lima said when he resigned as CMVM president in February, that the globalisation of financial markets required the simplification and harmonisation of regula-tions. But he also stressed that the application of rules inevitably met with resistance and, sometimes, open opposition from "vested interests, when they do not want the rule of law to prevail over the law of the market." Alvaro Dámaso, a former

head of the Lisbon stock exchange and formerly regional finance minister of the Azores islands under Por-tugal's ruling Social Democratic party, has been appointed by the government as the new CMVM president. He faces the challenges of both maintaining the watchdog's independence and encouraging all those involved in the market to work together to establish the most effective regula-

One proposal that may find acceptance is that for lightening the regulatory burden for smaller companies. while maintaining stricter rules for the top 40 or 50 listed companies. Proponents say such a measure would help eliminate the barrier of hureaucracy that deters many middle-range companies from using the stock market as the means to achieve their goals for expan-

delayed launch has inspired some atrocious puns from dealers about the future of Portugal's futures market. But after a postponement of the opening originally planned for January, trading in the country's first derivatives contract is now scheduled to begin in the northern city of Oporto in June.

The market will open with a contract on an equity index of 20 leading shares, to be known as the Portuguese Stock Index - the PSI-20. A contract based on 10-year Treasury Bonds (OTs) is also due to be introduced as soon as government issuing gathers sufficient momentum to create the critical mass. Options are to be made rvailable in a second phase of development.

Given the relative thinness of financial trading – average daily turnover on the Lisbon stock exchange totals about Es9bn - questions have been raised over whether Portugal has the dimension to sustain its own derivatives market. Doubters ask whether contracts on Portuguese securities could not be successfully run from abroad by sophisticated futures markets already long-established.

More confident investors believe these misgivigs will be swept aside when the Oporto market is up and running. "The potential for futures markets in countries such as Portugal tends to be underestimated. People ask who is going to invest and where the funds are going to flow from," says João Rendeiro, president of fund nanagers Gestifundo.

"But when the markets are actually in place. you usually see very substantial growth," he says. "That is what has happened in Barcelona and other markets, and I see no reason why Oporto shouldn't be the same.'

The comparison with Barcelona is particularly relevant, because the Spanish futures market has always been viewed warily by the Portu-guese as a potential aggrandiser of futures trading in Portugal. But Oporto has astutely opted for co-operation rather than competition. Barcelona has signed a contract with Oporto

to supply the computerised trading system for the Portuguese futures market, as well as technical support and training. Oporto officials acknowledge that this agreement effectively defuses any latent tension between the two markets and diminishes the temptation for Barcelona to seek its own business in Portugal.

The futures market is to be operated by the Oporto stock exchange, at its impressive 19th century Palácio da Bolsa building, which closed last June as part of a plan to base Portugal's spot trading in Lisbon and develop Oporto as a national derivatives market.

The two exchanges previously operated as separate floors for the national spot market. Rivalry between two bourses for Portugal's small market was considered upproductive, and Oporto agreed to accept Es2.4bn (\$16.3m) from Lisbon to abandon spot trading.

"The new products on this market will help financial institutions smooth out risk factors and increese liquidity," says Manuel Alves Monteiro, head of the Oporto stock exchange. "But the market must be transparent, rigorously overseen, and carefully managed." He says the PSI-20 comprises the 20 most representative shares of the Portuguese market, representing about 70 per cent of total market capitalisation and 75 per cent of total trading volume.

The index is to be launched with a base value of 3,000 - with two decimal points - based on closing prices on December 31, 1992. The PSI-20 would have stood at 4,247.66 on November 30, 1994, for example.

The delayed launch of the country's first derivatives market is now due in June

Barcelona is seen as the model for futures

It is to be calculated in real time, reflecting every price change in the underlying issues on Portugal's computer-based continuous share market, through the Oporto Stock Exchange Information System (Sibop). It will also be dis-seminated through the leading financial infor-

Portugal's top four listed banks dominate the PSI-20, with weightings ranging from 9 per cent to 15 per cent each. Other prominent shares in the index are the conglomerate Sonae Investi-mentos, the cork group Corticeira Amorim, and Marconi, a telecommunications operator.

"The PSI-20 aims to serve as a reliable benchmark for the Portuguese equity market, and to enable the introduction of derivatives based on a single indicator for the equity market," says Mi Alves Monteiro. "The size of the sample does not allow the index to include issues with inadequate levels of liquidity or market capitalisation. Thus it will better track market trends."

Investors consider a futures contract on long-term interest rates vital to the risk-management capacity they require from the Oporto market. Early plans were laid to launch the market with both an equity index and a contract on 10-year OTs. But the turmoil on bond mar-kets in 1994 led the Portuguese government to dry up issues of long-term debt. Successive auctions were cancelled, and Oporto had to post-

his year, the government has announced provisional plans to issue Es20bn to Es25bn of 10-year debt a month, as well as equal amounts of three-year and five-year debt. It is hoped the long-term issues will provide the market with sufficient liquidity for Oporto to issue a contract on 10-year OTs towards the end

"Our futures contracts will make the Portu guese market more attractive to foreign investors who are used to dealing with these instrument elsewhere," says Paulo Sena Esteves, head of research at the Oporto stock exchange. For domestic investors, it will provide a means of protection from risks against which they are currently almost defenceless."

The big players in the Oporto market are pevertheless expected to be international opera-tors who already deal in over-the-counter derivatives in Portugal.

Peter Wise



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Privatisation: David White examines the ambitious programme

Telecom points the way

Twenty years ago, in a bout of schedule, the programme came radical fervour, Portugal took the first steps on the way to a sweeping series of nationalisations that brought in the state as shareholder in 1,022 companies, ranging from banks to breweries and bus companies.

The anniversary coincides with the preparation of plans for the first global equity issue in a reprivatisation programme under way since 1989. The sale of a \$1bn-plus minority stake in Portugal Telecom, the largest offering of its kind ever made in a Portuguese company and the first carried out to international standards, is designed to pave the way for

further issues in other sectors. A large part of the nationalisation list has already been transferred to private-sector ownership. According to the finance ministry, the weight of state companies in the country's gross domestic product has been halved from 20 per cent in the mid-1980s to 10 per

Privatisations to date have brought in revenues of almost Es1,000bn or more than \$5bn. After slipping well behind

close to meeting its Es200bn target last year. With the Portugal Telecom operation this year's Es250bn financial target appears realistic. Much less e Açores, the first bank to be realistic, according to bankers privatised, is still in governand brokers, is the prospect of placing more than a couple of issues on the market by the end of the year. The sell-offs began with Uni-

cer, one of the two brewery After its initial sales, the companies government realised it which were perhaps the needed to attract more oddest feature foreign investment into of the state's

was followed by banks, insurance companies and other companies, including the partial sale of Petrogal, the oil group, to a consortium led by Total of France. The aim is eventually to bring Petrogal under 90 per cent private own-

portfolio. This

Plans for the financial sector are virtually complete. The government's remaining 24.5 per cent stake in the country's second largest bank. Banco Português do Atlântico, is due to be swallowed up in the joint to a single purchaser.
bid for BPA launched by Banco The Portugal Telec Comercial Português and the Império insurance group. More than 13 per cent of Banco Totta ment hands, but is likely to be offered to current minority shareholders following the purchase of a 50 per cent controlling interest by the private

Antônio Champalimaud - an operation which, in normal circumstances, would privatisation shares have involved a public bid for the rest of the shares.

The state will be left, as its residual interests in the banking sector, with the current number one bank, Caixa Geral de Depósitos, and majority control of Banco de Fomento e Exterior. After its initial series of

ales, the government realised it needed to attract more foreign investment into privatisation shares. It began looking at options for international issues in 1992, but in the following two years, with a series of changes in its economic team, the whole privatisation process slowed down. Last summer the most important placement to date, a 20 per cent share of Cimpor. the dominant cement group created by the merger of seven nationalised producers, was judged by international investment banks to be "less

than a great success". Foreign participation was smaller than intended. The Es40bn issue, in the words of one banker, was "not well handled". A gap of two months was left between the fixing of the issue price and the flotation date. In the interim, the stock market weakened, with the result that Cimpor's shares fell back on the first day of trading. The subsequent performance of the stock below the issue price has jeopardised plans for an early second

In prospect for the first half of the year, apart from the telecommunications flotation, is the partial or total privatisation of divisions of the Portucel paper group, both private buyers. The main pulp business, Portucel-Industrial, plans to place 40 per cent of its shares by June, including an international tranche split between London and New York. The cardboard and packaging side of the same

The Portugal Telecom issue is planned for May, but some bankers believe it could be delayed. Not until now has Portugal approached privatisation in such a systematic way, complete with international "roadshow".

The operation is complicated by plans for merging Portugal lecom at the same time with the 51 per cent state-controlled Companhia Portuguesa de Rádio Marconi. The issue is due to involve 25-30 per cent of the group for an estimated \$1bn-\$1.5bn. Seventy per cent the total is to be offered abroad in three tranches, with Merrill Lynch, S.G. Warburg and Union Bank of Switzerland handling the New York, London and rest-of-the-world cements respectively

The timetable for smaller issues will depend largely on how successful this operation is. The arrival of privatised utility and industrial shares promises to change the balance of the Portuguese equity market, currently dominated by banks. According to a recent Lehman Brothers report, the mix of companies "should become more representative of the mature underlying economy", helping Portugal's transition from an emerging market" status into mainstream European investment portfolios.

The Portuguese arm of Spain's Santander Investment merchant bank, Banco Portugal, recently placed an Esion closed end equity fund focussing on privatisation shares, the largest of its kind ever launched in Portugal.

However, the capacity of the market is limited. Bankers rule out prospects for partially privatising the power generating side of Electricidade de Portugal by the end of the year. The government's list of reprivatisation plans for 1995 extends to a total of 19 companies - including interests in steel, chemicals, shipbuilding and tobacco - but this would appear to be wishful thinking. General elections, due by the end of October at the latest, could well slow up the programme.

Privatisation itself is not at stake in the election. Mr Eduardo Ferro Rodrigues, an economics spokesman for the opposition Socialist party, says that, if it wins its way back into government, it will not overturn the plans. But he adds: "The timetable could group, Gescartão, is up for sale have some changes."

Some people falling from a great height at the age of 57 would resign themselves to enforced early retirement. But whatever anybody t<u>hinks</u> about **M**r António Champalimaud, there is no

The most remarkable and least expected aspect of Portugal's cycle of nationalisation and reprivatisation is the prominence regained two decades later by some of the same families in whose hands economic power was concentrated before

denying that he is an obstinate

the 1974 revolution. Mr Champalimaud was among thousands of Portuguese who fled from Portugal and its former African colonies to Brazil in 1975. Under the Salazar and Caetano regimes, he was one of a small and loyal group of powerful businessmen. With interests ranging from cement, steel, paper and engineering to insurance and banking he was reckoned in one 1970 study to control as much as two-thirds of Portugal's installed industrial capac-

In Brazil he rebuilt another empire based on cement and ranching. Today, at 77, he is once again considered, according to the Portuguese magazine Fortuna to be the country's wealthiest citizen.

In two operations since November last year, he has regained a prominent position in Portuguese banking. Having already bought back control of his insurance company Mundial Confiança, he used it to mount a winning Es37.2bn (\$240m) bid for 80 per cent of the stock in the bank he controlled in the days of the dictatorship, Banco Pinto e Sotto Mayor. A relative of the founding Sotto Mayor family was in the losing consortium.

His subsequent purchase of just under 50 per cent in the number three bank, Banco Totta e Acores, not only consolidated his position but enabled him to play the role of saviour of national dignity, the man who brought Totta back into Portuguese hands from the Spanish. It was the ultimate comeback for someone once regarded as a robber-baron. As he himself remarked earlier, he

had become "fashionable". Of a handful of wealthy families that dominated business pre-1974, three stood out above the rest, with industrial and financial combines in both Portugal itself and its African ter-

The Espirito Santos, whose henceforth controlled by Mr

Families who held power before the revolution are re-emerging

Back to build a third empire



empire ranged from banking to coffee, were the first of the big three to get back, gaining control of the Tranquilidade insurance company in 1990 and Banco Espirito Santo in two stages over the next two years. Then there were the Mellos.

former owners of the CUF per cent share, half directly industrial conglomerate. Mr and half indirectly through an José Manuel de Mello these days has his own invest-

bank,

ment

Banco Mello. and a big stake in the Lisnave ship-repair company, one of the family's former interests. He regained control of Império, the largest Portuguese insurer, in 1992. Império is now the junior partner alongside Banco Comercial Portuguës (BCP) in a Es308bn bid for Banco Portugues do Atlantico. Brother Mr Jorge de Mello, meanwhile,

going his own way, is a shareholder in BCP. However, the Mellos' previous main banking interest is

Champalimaud, a rival who was formerly married to a Mello. The saga of Banco Totta e Açores goes back to 1989. when it was the first bank put up to be privatised. The Spanish group Banco Español de

arrangement

with Portu-In two operations, Mr guese associ-Champalimaud has ates, overstepping Portugal's restriction on regained a prominent position in banking

foreign holdings. Banesto's effective control was made public by its then chairman, Mr Mario Conde, in 1993.

By the end of that year the Spanish authorities had swooped on the troubled Banesto and sacked Mr Conde. In April 1994, control of Banesto was auctioned off to Banco Santander. Already controlling the smaller Banco de Comércio e Indústria in Portugal, Santander was keen on maintaining Totta. But it changed its mind when it discovered the

strength of the Portuguese authorities' opposition.

Negotiations on disposal of its holding started in the autumn against the back-ground of strong official pressure for a rapid sale, tense talks between Portuguese and Spanish ministers and concerned noises from the European Commission about Portugal's imposing restrictions on holdings by a fellow EU nation.

Portuguese sensitivity about the ownership of a previously nationalised bank was aggravated by the apparently underhand manner in which control had been established. Mr João Salgueiro, president of the Portuguese Association of Banks, says: "It looked like the second

act of a bad play." Several groups showed inter est - including Banco Mello in conjunction with BCP, and Banco Portugues de Investimento. However, it is understood that none came close to Santander's asking price except Mr Champalimaud. His offer of Es5,300 per share plus interest for payment in instalments up to 1977 amounted to Es153bm. roughly equivalent to the stock market value of the whole

Mr Champalimaud made the deal conditional on his gaining exemption from having to bid for the other 50 per cent, which he would normally be obliged to do. The finance ministry agreed to the waiver. The CMVM stock market commission disagreed, and its president, Mr Fernando Costa Lima, resigned with the rest of the board, complaining that the government was going "from one error to another".

The row has provoked different reactions, with some arguing that waiving shareholders' rights for the benefit of one individual is a poor precedent, others that this was preferable to letting the deal fall through. Mr José Alberto Tavares Moreira, chairman of the Stock Market Association, president of Caixa Central de Crédito Agricola Mútuo and former governor of the Bank of Portugal, suggests the matter could have been handled better. But he says: "There was no way

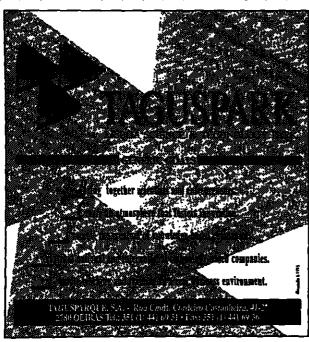
The question many ask now is what Mr Champalimaud plans to do with his banking group. In times when the norm is for Portuguese banks to be headed by professional manag-ers, the lone-wolf financier is

David White

pictini in the

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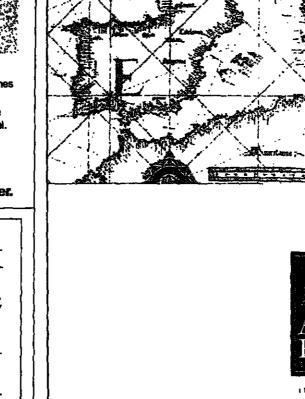
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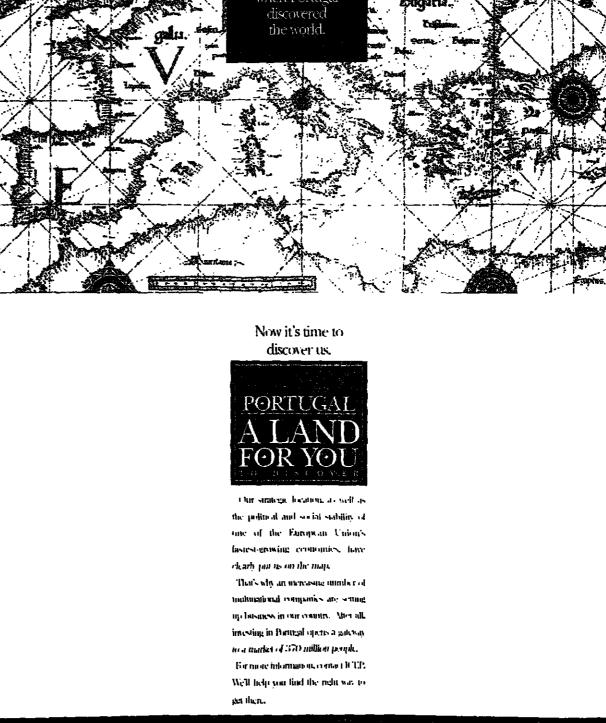
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There was a time

PORTUGAL: FINANCE AND INVESTMENT

Peter Wise sees the banking sector reshaping itself

Rivalry spurs takeovers

throwing money at people. But they are happy to send a motorcycle messenger with a wad of crisp notes to your door at any time of the day or night.

The new telephone banks, whose services include the banking equivalent of pizza deliveries, are just one example of a climate of fierce competition that has gripped the sector over the past three years.

Rivalry has reached such a pitch in the fast-growing markets for consumer credit and housing loans that bank advertising campaigns appearing to offer the cash for acquiring heaven on earth - without blemishing the idyll with small print - are drawing strong condemnation from consumer assoriations.

A combination of several factors is fuelling the flames of competition. Nationalisations after the 1974 revolution placed almost 90 per cent of the financial sector under state control. But a privatisation programme begun in 1989 has since reduced state ownership to 38 per cent, and it will fall further as a few remaining sell-offs are com-

The sector, now dominated by privately-owned banks intrinsically more inclined to compete, has also been freed of many regulatory restrictions. providing banks with the freedom to exercise more aggressive instincts. Three years ahead of a deadline set by the European Union, Portugal authorised free capital movement in December 1992 and fully liberalised bank interest rates two weeks later.

New foreign banks began cautiously moving on to the scene from 1985, and at a faster rate in recent years. They have tried to make up for what they lacked in branch networks and franchise with competitive products and forceful marketing, further inflaming combative tendencies.

The most dramatic consequence of tougher competition has been a recent wave of pug-nacious takeover bids of an unprecedented scale for Portugal. Three pending offers, together worth Es472.7bn (\$3.2bn), will, if successful, create three dominant banking groups controlling 65 per cent by merging two small retail 1984," says Mr Rodrigues. "We hit



banks, Banco Nacional Ultra-

marino and Banco Borges & Irmão with CGD and Banco de

Fomento e Exterior, a trade

bank, respectively. These two

groups were to remain in state

hands. But the privatisation of

BFE has already begun, and the

by sight" all the way.

ooking back over his experience

at the helm of the first bank to

set up in Portugal after the

country's 1974 revolution. Mr Carlos

Rodrigues says he has been "sailing

The voluble 42-year-old president of

what is now Banco Chemical (Portu-

gal) was working at Manufacturers

Hanover, in New York, when he was

sent to its representative office in Lis-bon in 1983. "I came for two years," he says. "And I am still here."

The only foreign banks with

branches in Portugal at the time were

those that were already there pre-

1974: Lloyds, which later sold its net-

work to Spain's Banco Bilbao Viz-

caya, Crédit Lyonnais and Banco do

Brasil. There were no domestic banks

outside the nationalised sector. "All

the rates were the same, All the

banks did the same things," Mr Rod-

His task was to seek a licence, as

the Portuguese authorities began

gradually to open up. Manufacturers

Hanover, one of the biggest lenders to

the Republic and large Portuguese

state companies, was at the head of

the queue when new legislation

allowed for private initiative to be let

into the banking and insurance sec-

tors. The other banks approved were

Chase Manhattan and Banco Por-

tugês de Investimento, converted

from an investment company into a

"We opened in a rush in November

rigues recalls.

Credit Lyonnais Portugal: possible target for acquisition?

of the total assets of a sector currently divided among relatively small banks.

Banco Comercial Portugues the fifth largest bank, and Império, the biggest insurance company, are offering Es308bn for 100 per cent of Banco Portugués do Atlântico, the second largest bank. They will also bid Es11.6bn for control of União de Bancos Portugueses - a small retail bank that is part of the BPA group - if they succeed in taking over the parent bank.

Autonio Champalimaud, a Portuguese industrialist, has agreed to pay Es153bn for the 50 per cent of Banco Totta e Acores, the third largest bank, which is currently held directly and indirectly by Banco Español de Crédito, the troubled Spanish bank

BCP control of BPA would create a group accounting for 23.3 per cent of the sector's total assets. Champalimaud would control 17.6 per cent if he added BTA to his assets. Stateowned Caixa Geral de Depósitos would remain the biggest group with 24.5 per cent, but it more focused on mortgage lending and savings deposits than retail banking.
"Consolidation of this kind

was expected. Banks perceived that there were too many players contending for too sm market," says João Salgueiro, president of the Portuguese Banking Association and a former finance minister. "The process appears more striking now, because it involves the top banks, but it has been going on quietly for some time.

The state began consolidation

BNU is also expected to be moved into the private sector. Other acquisitions followed:

BPA bought UBP; BCP took over Banco Cisf, an investment bank: BTA ocquired Crédito Predial Português, a mortgage bank; and Banco Portuguès de Investimentos, the leading investment bank, purchased the retail bank Banco Fonsecas & Burnay. Most bankers believe the wave of mergers and acquisitions will roll on. After consolidation among

the big players, a further phase of absorbing smaller Portu-guese banks and foreign subsidiaries into larger groups is expected. Banco International do Funchal, Banco Comércio e Indústria and Credit Lyonnais Portugal are considered to be among possible candidates for acquisition.

It is no coincidence that large takeovers bids have been launched as bank profitability

the ground running." Eight hundred

people turned up at the inaugural

reception. "It was more than the

opening of a bank. It was the return

to normal market rules." The arrival

of foreign banks meant, above all, a

enjoyed, not only with top Portu-

guese state companies and the gov-ernment but also with corresponding

Portuguese banks, proved para-

mount. When it launched the first

syndicated deal in Portugal in 1986, it

was able to bring in all the most

meant that rates were always at the

maximum. Manufacturers Hanover

found its opportunity by introducing

credits under an auction system

known as Cristal loans, offering bor-

rowers better conditions by taking

advantage of the differential between

short and long-term lending rates.

For about six years, it had a monop-

ending at the time was subject

to maximum interest rates and

credit ceilings, which effectively

important domestic banks.

The good relations which the bank

qualitative change.

The top 10 Portuguese banks Number Number change change shange 14,368 4,068 317,605 11.56 Cabra Geral de Depósitos 27,610 26,765 3.82 Banco Comercial Português 190,380 15.75 1,927,158 26.65 168,290 15.66 5,303 18.83 52.42 Bonco Português do Atlântico 3,425,704 114,819 2,057,003 5,864 6,965 260 Banco Espirito Santo e Comercial de Lisb 377 Banco Totta & Açores 107,012 18.44 2,650,367 14.31 28.880 2.81 7.98 752,369 1,030 37 86,98 11.13 17,339 -17.22 Banco de Fomento e Exterior 3,263 3,140 1,080,941 40.06 Banco Português de Investimento 37,821 -20.58 2,673 94.02 Unido de Banços Portugueses 787,698 5,589 44.05 36,765 213 1,388,838 10.31 2,179 187 Banco Nacional Littramarino 1983 retuits. \$1=E5176.81 Occumber 1983; everage attacker=6.5%

weakens. Overall earnings growth in 1994 was the lowest for a decade. BCP, for example, suffered a 17.1 per cent slide in net income to Es18.7bn, compared with Es22,5bn in 1993. It was the bank's first fall in profits after nine years of mercurial growth since it was founded in

As a result of recession, calculated to have grown by 10.3 per cent in 1994 down from 12.9 per cent in 1993. Non-performing loans are increasing as a proportion of total credit, and deposit growth has been slow

David White profiles Banco Chemical

More than a bank – a

return to market rules

This year's outlook is only a little brighter. But as economic recovery takes hold, credit growth is forecast to make a important contribution to an expected resumption of strong

The sector is reshaping itself. mainly because most banks have reached a stage where they can no longer significantly ase market share through organic growth and have shifted to expansion by acquisition. In addition, banks are moving beyond the traditional

profit growth in 1996.

commercial battle for deposits. They see better opportunities for profit growth in creating

It started with a dozen people and

now has 76, in its Lisbon building, in

Oporto where it opened in 1986, and

in a small office in the northern town

of Guimaräes.In the late 1980s, it was

more ambitious about expanding its

custom and set up three more busi-

ness centres, but since then has re-

oriented its activity. "One of the

things that always terrified us was

being made irrelevant, or being just

one of a crowd doing the same

Three years after opening, it transformed itself into a subsidiary bank,

placing shares in two stages that

diluted the US parent's control to 67.7

per cent. The new status allowed it to

take on business such as equity

underwriting that it was unable to do

at that time as a branch of a US bank.

The 1990s brought a fresh change of direction. The US bank discussed

selling the Portuguese offshoot to the

financier Mr José Manuel de Mello.

but the negotiations fell through.

Reviewing its potential market in

1991, worried about the overheating

TOTAL ASSETS

things," Mr Rodrigues says.

large groups that offer greater potential for improved productivity, cost-cutting, cross of financial products and more effective use of information technology.

As well as banking, the takeover bids involve strategies for rationalising the insurance, brokerage, leasing, factoring, fund management and other specialist divisions of the big

financial groups.

But streamlining will not be accomplished overnight. "Over the next two to three years, the large groups now forming will be faced with a great challenge of rationalising operations and

controlling costs," says Fernando Ulrich, of BPL

"They are incurring ver heavy financial burdens and will have to protect profitability until they prove successful in cost-cutting. Only then will they be able to become more aggressive in the marketplace. In the banking sector, which

has an estimated 15,000 to 20,000 workers more than it needs to work efficiently, cutting costs mainly means reducing workforces. This is likely to prove the most painful, complex and costly task in the realignment of forces now



Carlos Rodrigues: 'we hit the ground running

of the economy and facing shrinking margins, it decided to backtrack on

its lending activity. "We started getting scared about the quality of credit declining," Mr Rodrigues admits. Its total lending has been held at or below the levels of 1989-90. Instead the bank, renamed after Manufacturers Hanover and Chemical Bank merged in 1992, has concentrated on what Mr Rodrigues calls "a trading and funding function", seeking commission business,

becoming a primary dealer in govern-

ment bonds and moving into deriva-

Although affected, like the Portuguese banking industry as a whole, by a squeeze on earnings since last year, it has been the most profitable of foreign banks over most of the period since the sector was opened up. Other foreign banks have had mixed success, and their role has turned out to be more modest than some expected. But for Mr Rodrigues there is no doubt that it has been "an

ACCELERATED GROWTH AND POWERFUL PROFIT PERFORMAL 1994 CONSOLIDATED RESULTS

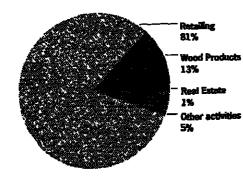
1993 Thousand million escudos 1994 variation 263.9 227.6 + 16% + 60% 11.3 7.1 Profit on ordinary activities Profit before tax 16.5 10.6 + 55% 10.7 + 116% 5.0 Net Profit (exc. minority interests) 13.4 7.7%

The core businesses of Sonae are wood based products, retailing and real estate.

In 1994, its position as Portugal's leading non-financial group was further consolidated.

The rapid expansion planned is based on organic growth of its core businesses and in increasing internationalization.

Breakdown of Sales by Sector



A series of second in case of a second in the second in th

The rate of expansion of the Group's business increased from 9 percent in 1993 to 16 percent in 1994. Consolidated turnover attained 263.9 thousand million escudos (£ 1,038 million).

For the second successive year, net profit attributable to the shareholders of Sonae Investimentos more than doubled, reaching 10,713 million escudos (£ 42 million), with the return on average shareholders funds improving from 7.7 percent in 1993 to 13.4 percent in 1994.

The main contributions to this improvement were:

 the large reduction in net interest payable, resulting primarily from the strengthening of the capital structure of the Group

the near elimination of operating losses in the Wood Based Products

 the capital gains made on the sale of equity shares in two of the Real Estate project companies, and those made on the placement of some 17 percent of Sonae Industria's share capital with institutional investors and in the sale of 15.7 percent of the share capital of SIAF to Sumitomo Forestry Co. Ltd.

Durking 1995, growth in turnover is expected to increase strongly at a rate close to 30 percent and significant improvements in the operating profitability of most businesses should lead to a substantial increase in profit on ordinary activities.

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In a country where liquid assets are known for maturing slowly. what would you expect from a bank that started only eight years ago?



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by which we're determined not to maintain the position we've achieved in eight short years, but to improve on it.

We'll continue our programme of carefully planned market segmentation. We'll continue to maintain our commitment to quality service. And we'll continue to provide safe, stable growth by expanding our branch network and our client base.



Madeira and Santa Maria: the stature of offshore centres is increasing

Trade winds stir the islands

Set in the Atlantic 600km off Casablanca governed by the same corporate law and on the Moroccan coast, Madeira has been renowned as a semi-tropical resort since the British aristocracy began spending their winters on the Portuguese island in the 18th century.

Seafarers such as Captain James Cook anchored in Funchal, the capital, to stock up with Madeira wine - 200 bottles a man

 on their voyages of discovery.
 Tourism remains the economic mainstay of Madeira, a region of 250,000 people. where GDP per capita is less than half the European Union average. But today the island's income is being increasingly supplemented by the success an offshore centre that has earned a respected international status in less than a decade.

Madeira's International Business Center (IBC) consists of a free-trade industrial zone, an offshore financial centre, an international services hub and an international shipping register. All benefit from considerable tax, duty and exchange-control advantages, including total exemption from taxes on profits and capital gains until the end of 2011. The services centre, the most successful sphere, has attracted more than 1,300 companies.

Membership of the EU is one of Madeira's most important assets, providing both regulatory guarantees and integration with the European market, including free circulation of goods and services and right of establishment. Companies setting up in Madeira, an integral part of Portugal, are transfer of funds connected with trade and

central bank regulations as their counterparts on the mainland, and consequently enjoy the same guarantees of legal credibility and economic soundness.

"Madeira has invested strongly in ensuring respectability. From the start, it opted for a strategy of caution, prudence and selectivity in developing the offshore centre." says Carlos Loureiro, a Lisbon-based partner with Arthur Anderson. "This may have scared off a few companies, but it is an option that will pay in the long run." Offshore service and financial compa-

Companies setting up in Madeira are governed by the same corporate law and central bank regulations as on the mainland,

and consequently enjoy the same

guarantees of legal credibility and economic soundness nies can set up anywhere on the island. Benefits for service enterprises entitle firms to full exemption from withholding and income taxes on dividends, interest on shareholders' loans and on any other type

the initial capital of a service enterprise. Foreign companies operating in the IBC are free from all restrictions on the transfer of profits and capital invested, on the

of income from companies participating in

on the importation of funds. Last August, the Portuguese government enacted legislation enabling offshore companies in Madeira, in areas such as trading, holding, management, consultancy, and the rendering of services, to be formed with a single shareholder.

The application of Portuguese law and the EU parent subsidiaries directive means that holding companies setting up in the IBC can receive dividends from EU companies without being subject to withholding tax in the country of origin, while paying corporate tax of only 1.8 per cent. However, some analysts expect this provision to come under increasing scrutiny from other EU member states.

In contrast to practice in most offshore centres, companies based in Madeira are not excluded from Portugal's double-taxa tion treaties. Companies can use these to reduce withholding taxes on royalties, interest and dividends. This makes the IBC an attractive niche for firms investing in those countries that have agreements with Portugal, Brazil, for example, has high withholding taxes and only two tax treaties, with Japan and Portugal.
But this is another area where Madeira's

advantages are likely to diminish rather than increase. A bilateral tax treaty recently signed with the US, which is not expected to come into force before 1996. specifically excludes the offshore centre in Madeira. Denmark has revoked its treaty with Portugal, partly because of the off-

shore advantages available in Madeira. Portugal's double taxation treaties currently include Austria, Belgium, Brazil, Finland, France, Italy, Luxembourg, Norway, Spain, Switzerland, the UK and Germany. However, some tax specialists expect operations in the IBC to be excluded from new bilateral tax treaties, and that countries that have already established treaties with Portugal may also, over the long term, seek renegotiations that exclude Madeira.

Another Portuguese island, Santa Maria in the mid-Atlantic Azores archipelago. benefits from offshore legislation that is identical to that of Madeira. The European

Commission granted the same offshore status to the two regions at the same time. as an incentive to help compensate for their remoteness and lack of development.

Madeira has thrived as an offshore centre, particularly in the services area, but Santa Maria remains little known to the international business community. Five institutions are operating offshore financial enterprises in the Azores - they are allowed to set up anywhere on the nine islands. But so far no companies have set up in the 400,000sq m free-trade industrial zone in Santa Maria, although some projects are in the pipeline. The Azores has no international shipping register.

Santa Maria was chosen as the base for the free zone mainly because of the availability of surplus manpower and suitable infrastructure, particularly the island's large airport, once an important transatlantic refueling point. Large investments have been made to upgrade the airport, a port has been built and telecommunications modernised, but companies have so far shown little inclination to invest

What appears to have left Santa Maria so far behind Madeira is a lack of promotion. A private company that was granted a concession to run the centre was wound up last year. The operation has been taken over by the Azores Institute for Investment and Privatisation, a department of the regional government. It aims to breathe new life into the project, and may subsequently grant another concession for

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EXPOSIT:

private management.

Meanwhile, the Madeira Development Company (SDM), a private-sector company that runs the IBC, has been negotiating in Brussels and Lisbon and travelling the world for several years, promoting Madeira in the face of competition from other locations in the EU offering special tax privileges, such as Ireland, Luxembourg, the Netherlands and Belgium, as well as centres not fully integrated into the EU, such as the Channel Islands and

Gibraltar. "Despite uncertainties and immumerous difficulties raised in their path, the people at SDM have succeed in a few years in establishing Madeira as a recognised international offshore centre," says Mr Loureiro. The legislative battles they have won will also benefit the Azores. It now rests with Santa María to take up the challenge of promotion.

Peter Wise

before the first bytes began to roll along the information superhighway. banks in Portugal opted to share the infrastructure of a national electronic payments network, rather than develop competing systems as financial institutions in most other

countries have done. As a result, Portugal enjoys one of the most advanced 'plastic money" systems in Europe. From any of 3,500 hole-in-the-wall automatic teller machines (ATMs), holders of cards issued by any nk can access up to 26 services, from booking train tickets and settling utility bills, to toying with investment portfo-

lios and paying the taxman. This network has provided the framework for what officials believe to be the most advanced, and only globallycompatible, "electronic purse' system in the world.

An electronic purse is a plastic bank card embedded with a computer chip, which replaces

bbl/day.

Portugal.

Petrogal

Petrogal is expanding its activity through a network of more than 1,300 service stations in Spain and

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the need for cash for making small payments, anywhere from a taxi cab to a flower stall, without requiring a link to a central computer network. Portugal leads the field in electronic payments, partly because, as a late starter in 1983, it could benefit from the experience of other countries.

Banks elsewhere had chosen relatively self-contained systems that make available a variety of operations at their own ATMs, but little more than cash withdrawal at ATMs belonging to other banks. Portuguese banks resolved

to pool resources and produce an electronic payments high-way that would make all the services of any bank available at any ATM. They created a company called Sociedade Interbançaria de Serviços (SIBS), today owned by 31 banks, to provide a shared information network and centralised clearing system.

Individual banks market

their own debit, credit and

Late starter leaps forward

The electronic purse: Portugal believes its system leads the world

as ATMs and electronic pointof-sale (Epos) terminals. But they share a common infrastructure. The system is aptly named Multibanco. "We provide a public highway for all electronic payments to travel along and individual banks decide what particular services they want to circulate on

it," says Filipe Santos of SIBS. But the technical prowess that Portugal has shown in developing the network has been matched by the ineptitude that banks have displayed in marketing it. This became clear when consumer associations organised a 24hour boycott of bank cards in March 1994, because banks had wrongly created the impression that a 1 per cent charge to consumers was to be

made for purchases made with debit cards.

The damage has been incalculable. Banks not only suffered in terms of public relations, but the government promptly suspended all debit card commissions. Banks were allowed to reintroduce debit card commissions in January 1995, at a maximum level of Es60, or 0.35 per cent of the purchase, whichever is the smaller. Commissions are due to be fully liberalised, as in most European countries, by mid-1995. No limits are placed on credit cards commis

"The banks could not have handled it worse," said a Lis-bon consultant. "They did exactly the opposite of what was recommended." Debit-card purchases had not previously been free from commissions. as consumers came to believe. Charges to retailers had ranged from 0.5 per cent for hypermarkets to 3 per cent for small shops. All that was being phased out last March were incentives under which some banks had been waiving

anks are trying to get it Bright for the introducpurse, where commissions are expected to range from 1 to 2 per cent. "If a service is worth acquiring, it's worth paying for," say Mr Santos.

Electronic payment systems may save banks money, but they nevertheless involve costs. They also provide

retailers with considerable benefits, not least the guarantee of payment in a country where 10,000 cheques bounce daily. Portugal's innovation is not

in developing the individual components of the Multibanco Electronic Parse (MEP), but in applying the technology in a national system of electronic payment that integrates "smart card" purses with the existing network for direct debit and credit cards.

Small retailers, from newspaper kiosks to coffee bars, are equipping themselves with portable terminals about the size and weight of a telephone handset for accepting payments made with MEP cards. Public telephones as well as automatic vending and ticket-

issuing machines are being adapted, so that the system can be used for an almost unlimited range of automated payments, from car washes to public transport and postage stambs.

Most of Portugal's 35,000 Epos terminals, already used by bigger outlets for debit and credit card payments, are to be converted or replaced to accept electronic purse payments as well. MEP cards can be recharged indefinitely currently up to a maximum of Es40.000 (\$270) - from the holder's banks account

through any ATM. Service providers, when their terminals are not linked to the central computer network, transfer takings to their accounts through the ATM system using high-security deposit cards. More than 500,000 MEP payment cards are expected to be issued this year, following the launch of the system last month.

Smart cards equipped with a

France, pioneer of the technology that provides greater power for storing and handling information than the magnetic-strip cards issued in most countries, has 21m in use. But France uses them mainly for traditional direct debit and credit card payments, and only as electronic purses in small, closed systems such as local trans-

Finland and Denmark have also recently introduced electronic purse cards. But all these purse systems use disposable cards that simply "burn" units as purchases are made. Like telephone cards, they have to be thrown away and replaced when the their total value has been spent. Portugal is the first country to introduce an electronic purse that is both global - a card issued by any bank can be used to pay for any service anywhere - and permanently rechargeable.

Peter Wise

Living Energy

Self-Service 24 Horas Super S/chumbo 98 LOJAGALP Petrogal is the most important com-Lavagem pany in Portugal, with a turnover of US\$ 3,8 billion, and has the only refining operation in the country. Petrogal's two refineries, located at Lubrificação Sines and Oporto, have a joint distillation capacity of 288,000 Petrogal produces and distributes, under the Galp brand name, petrol, gas oil, fuel oil, lpg, lubricants, chemicals, jet fuels and asphalts.

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PORTUGAL: FINANCE AND INVESTMENT

ife has returned to the historic Chiado shopping district of central Lisbon, seven years after fire destroyed 18 prized buildings.

Early spring flowers are blossoming in white-walled courtyards, and couples are courting at pavement cafes as reconstruction in the quarter's original 18th-century style nears completion.

The new Chiado, being born out of the ruins under the direction of Alvaro Siza Vieira. Portugal's most distinguished architect, promises more style and vivacity than the neighbourhood of dowdy department stores and Dickensian offices that the blaze swept away.

Since the fire, in 1988, Portugal has been swept up in a retailing revolution. Italian fashion houses, US fast-food outlets and leading international stores are paying top rents for sites in the Chiado previously occupied by straight-laced gentlemen's outfitters and dusty public nota-

Retail space is at a premium as economic growth and Portugal's integration into the European Union attract the global chains to a market they had

Rents for prime retail sites in isbon have reached a record Es18,000 (\$122) a square metre a month, almost five times higher than in the more

depressed office market.

The Chiado reconstruction is due to be completed by the end of this year, with the exception of the biggest site, the former Armazéns de Chiado department store, where work has been delayed by legal wrangles. But the district's revival will relieve only a little of the strong pressure for retail sites in the capital.

Even property developers acknowledge that Lisbon's decision that the new Chiado should consist of 30 per cent office space, 30 per cent retail and 40 per cent residential will breathe new life into the district. Almost no one had lived in what became a deserted shell as soon as shops and offices closed. The new balance will benefit the city. But it is not the best commercial option from the property owner's point of view.

Retail sites are limited to basement and ground level, providing little opportunity for the big department stores that central Lisbon lacks. The divigion between shops and, on the upper floors, offices and flats will almost certainly lead to multiple ownership. This could deter investment by big institutions, which would prefer to acquire large complexes to manage and maintain on a long-term hasis.

Mr Siza Vieira's plans for resuscitating the Chiado include installing a hotel in



Real estate: shopping space is at a premium in Lisbon, writes Peter Wise

The global retailers arrive

One troubled scheme illustrates the complexities of project finance

Chiado site. A hotel will create activity and jobs. But it will also mean a considerable commercial loss for the owners of the development.

The difference in forecast returns for the site, with and without a hotel, is enormous," says a Lisbon property agent.

ties on the possibility of waiving or reducing the hotel In addition to the Chiado. three other important develop-

under way with city authori-

ments will help to supply the demand for retail sites over the next few years. The Colombus in the Benfica suburb of Lisbon, will place 133,000sq m of shopping space on the market, strengthening its claim to be one of the biggest shopping centres in Europe. El Corte Ingles, the Spanish department store, is to take up

a 30,000sq m anchor store in a

side Lisbon's Eduardo VII park. An additional 20,000sq m will be made available for smaller shops. In the town of Oeiras, a few miles west of Lisbon, a 40,000sq m shopping centre, with its own important catchment area, is due to be

office space is suffering the effects of oversupply. "Prime business district rents have fallen from Es7.000 a square metre a month in 1991 to around Es3,750," says Eric van Leuven, managing director in Portugal of Healey & Baker. They are currently at about the same level as rents in Amsterdam and Brussels. The market is oversupplied,

In contrast to the booming

retail sector, the market for

despite a strong take-up rate, mainly because of the lag between investment and finished buildings appearing on the market after the boom years of the late 1980s and early 1990s, when economic growth and foreign corporate moves into Portugal encouraged developers to invest

Mr van Leuven calculates that developers are sitting on undeveloped sites in the greater Lisbon area representing 700,000sq m of unbuilt office space. They were acquired during the boom at prices that would make them upprofitable to develop and market at today's much lower rents. "They are waiting in the hope of selling when the tide turns," he says.

Office development could begin to pick up again in 1996. Lisbon currently has about 40,000sq m of vacant new office space. A further 50,000sq m is expected to come on to the

market in 1995. The take-up rate was 80,000sq m in both 1993 and 1994, and is expected to remain stable in 1995. This means that supply and demand are likely to be more evenly

balanced by next year. Rents will rise, and developers are expected to begin investing in new projects. Demand for new office space comes mainly from companies moving out of dilapidated, inefficient buildings into more

modern developments, as the

gap between old and new rents diminishes.

ompanies who rented at the height of the boom are also moving. They may now be paying Ess,000 a square metre, after indexed increases, compared with current market rates of Es3.500 to Es3.750.

An important factor in stimulating Portugal's underdeveloped investment market would be the approval of a new commercial lease law. The current law provides tenants with perpetual security tenure market-based rent reviews. A

promised new law will provide for fixed-term contracts and renegotiation at market rates. But after being deluded by government pledges of its imminent approval since 1987, potential investors are not holding their breath.

onte Vasco de Gama is the name that prime minister Anibal Cavaco Silva has suggested for the new Lisbon bridge, whose 12km span over the Tagus river is due to be completed in 1998, the 500th anniversary of the navigator's discovery of the sea route to India around the Cape

of Good Hope. More facetious figures bave proposed the Bridge of Sighs as a fitting title for the Es180bn (\$1.2bn) project, Europe's longest continuous fixed rivercrossing, which has provoked successive waves of controversy before a single pylon has been sunk in the river bed.

Joaquim Ferreira do Amaral, minister for public works, transport and telecommunications, will certainly breathe a sigh of relief if the privately-operated toll bridge opens as scheduled by March 31, 1998, in time for Expo '98, the internal exposition on the theme of the oceans, to be held in Lisbon.

The difficulties the government is encountering over the

1

new bridge highlight the risks and complexities of project finance for a country that has much to gain from the financing and operation of infrastructures by the private sector, but has little practical experience in applying the concept.

Problems began with envi-

The award of the build-andto complaints of unfairness from the losing consortium headed by the French construcno formal appeal was lodged. blockade of Lisbon's existing bridge, Ponte 25 de Abril, which is also to be operated by Lusoponte from 1996. Protesters objected to a 50 per cent toll increase, which was

ronmentalists' protests over the decision to build the crossing from Sacavém on the eastern outskirts of Lisbon to Montijo on the southern bank. allegedly threatening wildlife

operate contract to a consortium led by Trafalgar House of the UK - Lusoponte - later led tion company Bouygues. But Next came a commuter

A conceptual gap to be bridged new crossing. The government was forced to give ground on toll increases, obliging it to allocate an additional Es18bn of public funds to the new

Finally, President Mário Soures made a surprise call in February, when construction was due to begin, for the whole project to be suspended to reconsider the siting of the sixlane crossing. Many specialists considered the choice of site the "error of the century", Mr Soares said, in what the government interpreted as more of a political attack than environmental concern.

In theory at least, the Portuguese economy is ideally suited for project finance. The country lacks many important more developed neighbours. But it also has to exercise tight budgetary restraint to meet the convergence criteria for European monetary union.

Placing projects in the private sector, where the cash flow from the operation of the enterprise - whether it be a power station, a toll bridge, a railway line or even a hospital ~ is used to pay back the loans contracted to finance its construction, appears to make more sense than paying for them out of limited public

However, the concept is not so easy to apply in practice. The commuter revolt over the toll increase, obliging the government to pump more state money into the new bridge. tal principles of project finance that the consumer directly benefiting from the project pays, rather than the general

ommuters in Oporto. where no bridge tolls J are charged, may resent contributing to the financing of a bridge in Lisbon that they will not often use. But the user-pays principle of project finance only works if tariffs are acceptable to the consumer. The high level of state funding for public transport systems in Portugal makes the change from subsidised to commercial

ly-viable fares painful.
Fear of politically unpopular fares appears to be one of the reasons why the government grant a concess ion for a privately-financed Es100bn project to build and operate a railway link under the Ponte 25 de Abril. The service is now to be financed and run on traditional

terms by the state. Portugal has had more success with project finance in the energy sector, where consume tariffs are largely controlled by the state. In December 1993, Electricidade de Portugal, the state power utility, sold two 300MW coal-fired units at Pego, 130km north-east of Lisbon, to Tejo Energia, a group led by National Power of the UK, for Es155bn.

The first unit began production in March 1993; the second is due to start in October 1995. expected to be added to the plant, and Tejo Energia has an

option on their purchase. In February this year, a consortium led by Powergen of the UK began construction of Portugal's first natural gas-fired power plant, at Tapada do Out-eiro, near Oporto. The Es100bn build, operate and transfer project is to be mainly financed by a syndicate of Portuguese and international banks, including the European Invest-

Siemens of Germany is to supply the combined-cycle 990MW station with three single-shaft gas turbines, due to come on line in March and September 1998 and May 1999.

Turbogas has signed a 25year power purchase agree-ment with EDP and a turnkey construction contract with a group led by Siemens. Powergen and HLC, a small Portuguese partner, will run the plant under an operation and maintenance contract.

Petrogal, the state-controlled Two further 300MW units are oil company, is promoting a

Es35bn, off-balance-sheet investment in a new fuel pipeline and storage facilities for the Lisbon region, its main sales area. It has set up a company, CLC-Companhia Logistica de Combustiveis, with equity capital of Es600m, to

carry out the project. A 170km multipurpose line is to be constructed from Petrogal's main refinery at Sines, in southern Portugal, to a new storage depot to be built at Aveiras, outside Lisbon. A second, 36km pipeline will be built from the depot to carry jet fuel to Lisbon airport.

Petrogal is opening the capital of CLC to other oil companies which are signing long-term service contracts for use of the new facilities. Cash flow from the contracts will finance the investment. Two consortiums, led by Bechtel of the US and Moneco-Agra of Canada, are the main contenders for Es14hn contract to construct the pipeline.

Peter Wise

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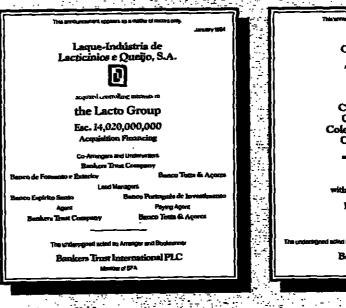
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More to offer than sun and sea

Idanha-a-Velha, a village of rough granite houses in the remote highlands of the central Portugal, has few conspicuous attractions as a potential hub of tourism. The young have left for jobs in Lisbon or nearby Spain, leaving behind only shuttered, abandoned homes and an againg population of 84 people. Use of the ancient chapel of São Dâmaso as a hay barn embodies the prevailing spirit of neglect.

prevailing spirit of neglect.

But Portugal is investing Es55m (\$34m) to revive Idanha-a-Velha and nine other declining communities in the region as select tourist centres. The goal is both to stem the flow of young people away from the rural interior by creating satisfying jobs, and to help diversify a tourism industry that is over-dependent on mass bookings for the hotels, villas and apartments of the Algarve coast in the south.

Beset by neglect and decay today, the 10 villages have a rich history as hillton strongholds against invading forces from Spain, from the Romans and the Visigoths to the Moors

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Afternoon tea at Reid's Hotel: Medeira accounts for 14 per cent of Portugal's tourism earnings

and the armies of Napoleon. Idanha-a-Velha, once a thriving Roman town known as Civitas Igaeditanorum, has notable Roman walls and a tower, a 5th century bishop's palace, windows and doors in the ornate Manueline style of the

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Portuguese Renaissance and a 12th century cathedral to be restored. "Few places in Portugal so

"Few places in Portugal so directly and emotionally evoke the history of our country as these villages. Their heritage endows them with the qualities to become appealing tourist destinations," says Alexandre Relvas, secretary of state for tourism. "Life for the villagers is a struggle today. But by supporting tourism as a new source of jobs and income, we will improve living standards and provide young people with appealing alternatives from moving away."

Investment in these villages

Investment in these villages of the central region of the Beiras, a forested plateau that borders Spain, will be channelled into restoring monuments, improving infrastructures, including water supply and sewage systems, and providing tourist accommodation, from inns to farmhouses. This will be aimed at relatively prosperous European visitors with a taste for history and country cooking, who are happy to escape the madding

Reviving historic villages is one aspect of a broader policy to diversify and enlarge the potential of Portugal's tourism industry. Although one of the country's most important economic sectors, tourism is overdependent on too few products, too few destinations and too few markets. Half of the country's hotel beds are in the Algarve, whose beaches attract 50 per cent of all the tourists

who visit Portugal and

accounts for half of the sector's

total earnings.

Other important Portuguese destinations are the Lisbon region, including Cascais, Estoril, Sintra and the Setubal peninsula, which accounts for 20 per cent of tourism earnings, and the semi-tropical island of Madeira, which accounts for 14 per cent. Mr Relvas believes Portugal can consolidate and increase earnings from these areas and at the same attract tourists to new, relatively unknown destinations across the country.

This aim is the origin of Portugal's main advertising slogan for a new tourism campaign: The Thrill of Discovery. Portugal, the world's 13th largest tourism destination, is among the 10 countries that spend most on promotion. The government has also been consulting the London-based International Federation of Tourism Operators on policy, to help ensure the industry's support for the country's growth and diversification objectives.

Lesser know areas that Por-

tugal is promoting include the Douro valley, which is renowned for the production of Port wine but whose vineyards, manor houses and riverside terraces have been underexploited as tourist attractions

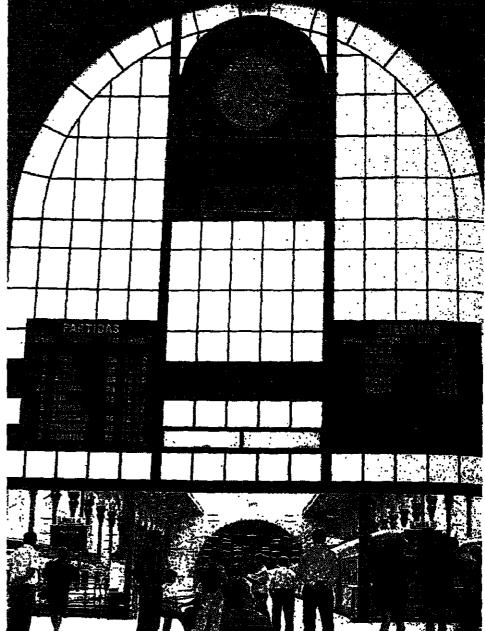
- despite the holidays spent there by John Major, the British prime minister. The picturesque Tua railway, running along the Douro valley from the north-eastern hills to the city of Oporto, could be another colourful draw.

Portugal is investing in other alternatives to the "sun and sea" holidays that have led to overcrowding and over-develcoment in some areas of the Algarve. They include archaeological sites in the Alentejo region in the south, the vinho verde-growing region of the north-west; the chain of stateowned inns known as *pousa*das, itineraries tracing themes such as Jewish history, Prince Henry the Navigator and winemaking; and religious sanctuaries such as the Roman Catholic shrine of Fâtima.

Sun is an abundant commodity in Portugal. But despite warm autumns and mild winters, 50 per cent of income from tourism is earned between July and September. The industry is now investing in tourism focused on golf and other sports, culture, congresses and religious sites to help build business outside the summer high season.

Tourism is as central to the Portuguese economy as the textile industry, the financial sector or construction. It accounts for 8 per cent of gross domestic product and employs 300,000 people – 6 per cent of the active population. Last year, a record 9.2m tourists visited Portugal, an increase of 9 per cent on 1993, as recovery took hold in Europe. Earnings rose less, between 3 and 4 per cent, to Es700bn, because operators held prices down to help stimulate the pickup.

Income from tourism nevertheless accounts for 25 per cent of total export earnings and covers 50 per cent of the trade deficit for tangible goods. The government is confident earnings can grow at an annual



From the city of Oporto, a picturesque realway prove to be a colourful attraction to visitors

bern hills, could

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rate of 3.5 per cent until the end of the century. Beyond attracting more tourists, Portugal aims to increase the average daily spending of visitors, currently Es15,000, by 2.5 per cent a year to 2000.

Attracting more tourists from France, Italy, and eastern Europe is another priority for an industry largely sustained by tourists from the UK and Spain, which account 22 per cent of bed-nights each. Portugal's other main markets are Germany, which accounts for 17 per cent of bed-nights and the Netherlands, accounting

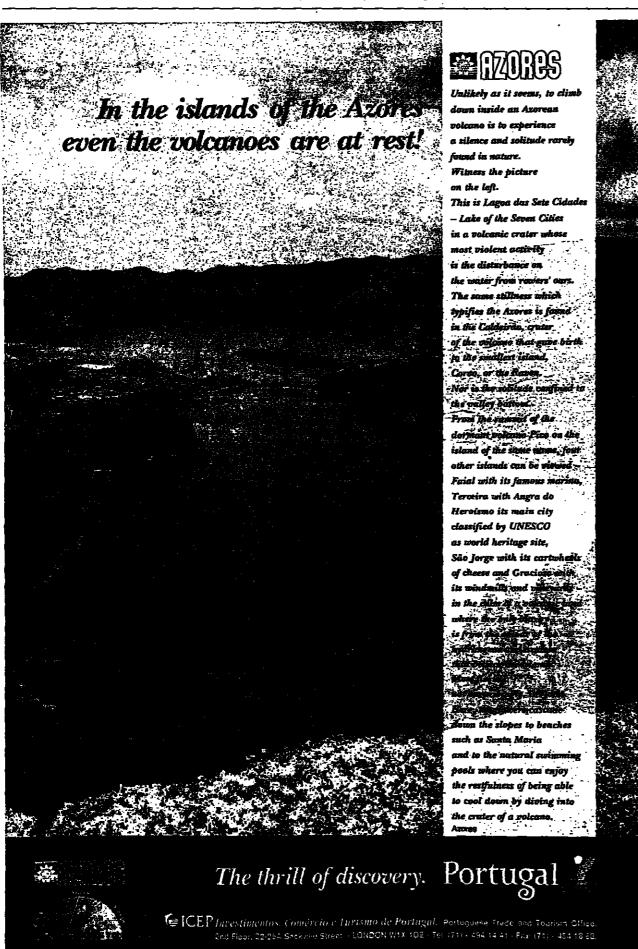
Besides diversification of markets, destinations and products, Portugal is investing in improving the professionalism of those employed in industry and in the quality and variety of accommodation and services. Between 1994 and 1996, the government, with would query per center ment. "We it tives an of them ceived to competite the competition of markets, destinations and products, Portugal is investing in the products, Portugal is investing in the products, Portugal is investing in improving the professionalism of those employed in the products, Portugal is investing in improving the professionalism of those employed in the professionalism of the professionalism of those employed in the professionalism of the professional

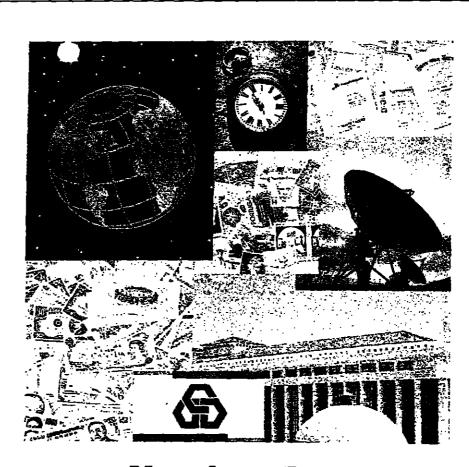
variety of accommodation and services. Between 1994 and 1996, the government, with support from the European Union, plans to make Es75bn available to stimulate private investment in the industry. It expects this to mobilise total investment of Es200bn. An entrepreneur planning to restore an historic building in

for 9 per cent.

Idanha-a-Velha, for example, would qualify for a grant of 40 per cent of the total invest-

"We have launched initiatives and programmes - many of them truly pioneering - conceived to make the country a competitive international tourist destination, with prestigious products offered under a clear and specific brand image," says Fernando Faria de Oliveira, trade and tourism minister. "Our goal is to ensure that the main attributes of tourism in Portugal are quality, variety and safety."





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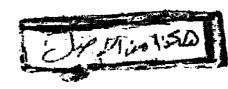
CGD's expanding international activity is also backed by its subsidiaries: an offshore branch in Madeira, a full branch in Paris, a bank in Brazil, two banks in Spain, a bank in France and a network of correspondents in more than 100 countries.

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PERITAS

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Established in 1983, UniForum UK is an independent, membership organisation for IT professionals in the vendor and user community, its purpose is to stimulate and assist the adoption of 'Open Systems environments' throughout the UK Government and Business user A leader in the development of Open Systems, ICL is an information technology company specialising in systems integration in selected markets. Operaling in over 80 countries worldwide, ICL generated revenues of about \$6. billion in 1994.

ICL's principal activities are more grouped under three business. Tadpole Technology - the leading supplier of PC and SPARC high performance note-took consputers for markets including multimedia, sales automation, GIS, finance, presentation, ratining.

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Tadpole's Products are being exhibited in March at Cebit in Harnaver, and at Uniform in Dallas, For further information call:

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Review of the Open Systems Arena By UniForum UK A

14th March 1995

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and file servers.
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Sun at News International
News International is one of the
world's largest users of Sun
Microsystems Th workstations
and file servers

INSIDE

Recent research indicates that managers are actively seeking ways to improve their IT procurement process. Many who are looking to move to open systems see the process as highly risky and dangerous. To meet this need, a campaign has been lauched called BuyIT.

BuyIT is a £1m 2-year Page 2

Securing corporate business information.

• Axen: Technologies delivers a seal of security for electronic messaging Page 2

BuylT is a £1m 2-year campaign aimed at providing help for managers by promoting and facilitating best practice in IT procurement. The BuylT campaign will provide managers with access to information and guidance on identifying and managing the risks in the specification, purchase and integration of computer systems. In short, to give them greater confidence that what they buy will work.

The campaign is being sponsored by the DTI and is The Open Option. •Bernard Hulme, Senior Vice

President and Managing
Director of Europe and
International division of SCO,
argues the case for Unix.
Page 3

Telra Case Stady.

• How Lanier controls its accounting and distribution using Tetra's Pan Buropean Chameleon 2000 software.

Page 3

Banyan Connects Royscol
Trust's network.

Why Roysco Trust has
chosen Banyan Systems as a
partner in a Elmillion
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Page 7

The new

Details on Europe's first Europeaa Unix Conference -Sbould you stiend? Page 7 Transforming Corporate data Into aummary information.

• ICL reports that major retailers are amongst the early adopters of Data Warehouse methodology.

Page 7

Company Profites

• A review of some trading

members of UniForum UK.

Hall m •

Far new membership equivity relephone 0181/332/0446 for a free information pack. Thillorum UK

In June 1993, Novell acquired UNIX Systems Laboratories (USL) the owners and developers of the UNIX operating system technology. Since then, Novell has announced a clear strategy to work with the industry in order to:

- support and drive the unification of UNIX open for the industry

- keep UNI

support the industry's SPEC 1170, which defines a unified UNIX system as one open multi-vendor standard. More than 80 leading UNIX system vendors and software providers have fully endorsed the standardisation of this set of 1170 application programming interfaces.

Raj Panesar of Novell

By Lalit Nathwani & Raj Panesar of Novell

convenibles research of components, e.g. operating systems, hardware platforms, applications, services, and add-ons etc. from a range of suppliers, enabling plug-and-play compatibility. This can only be achieved by having a single UNIX specification. Recently, Novell and other leading UNIX systems vendors have developed and signed the Common Operating System Environment agreement to Ling system platform for mission critical applications in an open systems environment. Corporate organisations across the world have a vested interest in open systems and UNIX.

Traditionally, the multiple implementations from various vendors has led to confusion in the market-place by providing incompatibilities and variations, leading to a slower progress towards open systems.

purchasing

these instances could and should have been avoided if those purchasing had been properly informed before making their decision.

The BuylT campaign includes Best Practice Guidelines, based on the TSC (Trading Standards Code) already published by UniForum UK. BuylT will extract a compendium of 10 Best Practice Guidelines.

The programme will also provide an opportunity for all the advice on best practices to be 'signposted'.

There will be a publication called Guide to Risks and Assurances in Open Systems Procurement to be published by NCC Blackwell which will provide a practical approach to managing the technical risks that arise in procurent of IT systems, especially in a multi-vendor in Computing onvironment, we The book will cost £35. supported by UniForum UK, the CSSA, the NCC and other major bodies and vendors in the UK.

The campaign is aimed at anyone undertaking IT procurement but especially purchasers and implementers in medium and large companies, although principals in small companies will undoubtedly also benefit from the lectures and publications which the companies will undoubtedly also benefit from the lectures and publications which the

Left: Mike Evans, Deputy Chairman, UniForum UK, with Ian Taylor, MP, Under-Secretary of State for Trade and Technology at the BuylT official launch, House of Lords.

campaign will generate.

The implications of making the wrong choice are not insignificant. For example, Dallas Airport opened one year late because the baggage delivery software did not work. The London Ambulance Service call log service is only just live after serious and life threatening delays. The London Stock Exchange had suffered the failure of the Taurus system. The Public Accounts Committee is investigating millions spent on IT sys-

There will be a rolling programme of events including conferences, seminars and workshops designed to help impart a greater understanding of IT procurement. There will be an event for everyone involved in procurement, whether IT policy maker, user, purchaser, business

manager or service provider. The events will be held in major towns around Britain so that IT managers will not have to travel too far in order to attend. Up-to-date information on publications and events is available from the BuyIT Campaign Office on 0171

lyst for open systems in the IT industry.

Novell has licensed UNIX System V technology to more than 2,000 systems vendors worldwide. UNIX System V Release 4.2 (SVR4.2) is the latest current release of UNIX technology. Novell is committed to continually evolve SVR4.2 technology to meet customers requirements under the new UnixWare brand. r open systems in the astry.

Systems

generation of

set of tools for developing mission-critical applications guicely, and easily. Novell is renowned for providing customers with affordable technology and UnixWare is priced extremely competitively. Whilst Novell will continue to deliver UnixWare on the Intel platform as a shrink-wrapped binary product, UnixWare source code will also be made available to other UNIX vendors, in the same way as UNIX System V technology is today. This will ensure the availability of UnixWare on Intel and non-Intel based hardware platforms. ICL will provide UnixWare of their SPARC server by 3rd gr 1995.

Novell's UnixWare 2 was also recently won an AIM Technology Hot Iron award, running on a Theored Systems Es300005100 with 3x100mhz. Pentium UnixWare 2, the next generation UNIX (SVR5) release, adds the benefits of an easy-to-use & install, shrink-wrapped operating system with seamless

interfaces.

In order to keep UNIX Sopen for the industry, or Novell has granted exclusive re-license rights for the UNIX trademark to X/Open Company Ltd, a computer guser and vendor market rensortium. Vendors have also agreed to license the UNIX trademark from X/Open for branding their products, built to support SPE 1170. Compliant products from Novell, and other vendors are expected to

systems from DEC 3000/900(Alpha based), Data General Aviion 8500

As a result of Novell s As a result of Novell s cent acquisition of UNIX systems Laboratories, the iffication of the UNIX dustry behind a common pecification and the licenseg of the UNIX trademark

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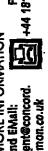
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A Review By Uniformat K

The News International Complex at Wapping represents the largest concentration of newspaper production in the UK, responsible for the nationally distributed tiles. The Times and Sunday Times, Today. The Sun and the News of the World, plus their regular magazines and supplements. Producing these titles is a manmoth data processing and transfer task involving the input of many different necessary.

installations in Europe, possibly in the world? 6 It's one of the largest FDDI

News International is one of the world's largest users of Sun MicrosystemsTM workstations and file servers. Says Tony Hiland. Director of Information Technology for News

revised network has 3,500 nodes', he says. 'It's one of the largest FDDI installations in Europe, possibly in the world have a dedicuted server for databases.' Sun was the choice, and from that first terminal the installations have continued to the position today where they are at the heart of all the data flow around the Wapping site.

Although page layout and some text entry is handled by modern declaration become

"According to our suppliers we have the biggest network in Europe in terms of duta moved on a daily basis', comments Tony. There are so many Sun terminals that he's lost precise count, but it's getting on for five hundred, he says: 'but our large servers consist of three SPARCserver' 2000s, ten SPARCserver 1000s and cighteen SPARCserver 690s'. The first Sun machine was installed in 1990. 'At the time we were sharing space on a commercial server and having to tell them every time the database was going to grow,' says Mr Hiland. 'We eventually

constant flow of imagery from its own photographers whilst some is delivered electronically by independent agencies over satellite and land link communications. News International

by modern desktop PCs and Macintoshes, a lot of the text entry and all the text processing and pagination is handled by an Atex newspaper publishing system. This runs on purpose built dedicated terminals dating back to the mid 1980s. 'We haven't heen able to find an open composition engine that can do the job better' says Mr Hiland. 'We use the Suns and the Network as the clue to build a modern facade around the ATEX system.' tions. News International uses a system called OPI (Open Pre-Press Interface) to cut network traffic. Sun file servers are configured here to automatically send small, low resolution preview files of the pictures to the lay-out terminals, the OPI software automatically substitutes the high resolutions images in the same position and passes them to the imagesetters for output.

When the pages are finished and ready to print, they need to be processed. This is handled by Hyphen Taller images are conserved.

overseen by tracking soft-overseen by tracking soft-ware running on Sun servers. 'We know the sta-tus of every element on the page' explains Mr Hiland.
'The Information is avail-

SPARCserver 2000s, ten SPARC server 1000s and our large servers eighteen SPARC server 690s 9

able to production editors, and people in imaging or the RIP rooms.

The familiar printed newspaper is being joined be new electronic media, an area where News International is a pioneer.

timedia disk and consumer on-line services through Delphi' says Richard Withey, Director of News Media. 'We've got 31 products in the pipeline.' A lot of these are for schools and educational uses.

Sun's future at News International is mapped out in terms of multi-processor hardware, which is already starting to appear in its SPARC station 20s and the SPARC server 2000s. With that end in mind, Tony Hiland is switching to an operating system able to work this way: 'We're migrating from SunOs to Solaris M. 2.3 or 2.4 depending on the application. News International representations of the services of

sents an outstanding example of how Sun Microsystems supplies the enterprise with powerful open network computing solutions.

.Continued from p.1

(4 CPU), as well as competitive Intel-based UNIX ervers.

Novell's Preliminary mernal benchmarks on 2,3 and 4 processors, demon-

offers increased scalability and performance on industry standard hardware whichwas only previously available on proprietary, high-end plutforms.

Unix Ware 2's scalability is not limited to four processors unlike other intel-based UNIX offerings, Unix Ware 2 will scale to as many processors as current hardware will allow. Also having faster hardware alone does not in itself deliver the price-performance that customers require. Unix Ware 2 is optimised for SMP environment and is designed to take advantage of the newer, faster breed of server systems, thereby maximising customer investment in their server platforms.

their server platforms.

In the UNIX roadmap
Novell will evolve
UnixWare to a nucro-kernel
architecture. SuperNOS.
This will mean that custoniers will be able to take
full advantage of mily distributed computing. In this time frame both NetWare AND Unix Ware will reside on a single machine. SuperNOS will also deliver the capability to distribute processing across the network on any available processor, and single system image of across multiple machines will provide clustering capability. System management will be provided by a common set of tools and utilities for managing both NetWare and Unix Ware.

Novell is already delivering its strategy Pervasive Computing and for UNIX. Novell is already delivering its strategy Pervasive Computing and five the unification of UNIX, ensuring vendors can agree on a base technology. This enables them to deliver plug-and-play compatibility, and also innovate in middle-ware, vertical market solutions, price, quality and performance. Novell is also working with X/Open to ensure that UNIX, indeed, means open systems. Finally, Novell is evolving the UNIX technology, through the Unix Ware roadmap, to meet customers, developers and vendor's requirements into the next century.

The new generation of UNIX Systems

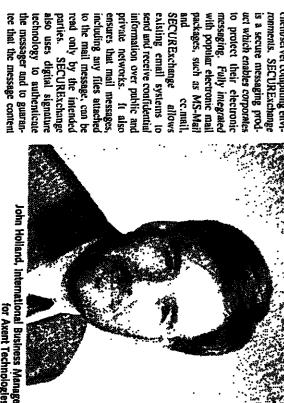
As the age of the information superhighway takes hold, so organisations are relying more and more on electronic methods of moving data around the world. With information being an organisation's most valuable asset, the need to ensure that this electronic method of communication is a secure way to stare confidential

nger for Axent Technologies: "It is not surprising that electronic messaging has proved to be so popular with organisations today. It has made communication and information sharing between, and within, companies around the world a highly efficient and simple process. However, protecting this business information as it passes across email must be a priority, for example, ensuring that confidential data is not accessed or tampered with by unauthorised users.

"The potential risks which Comments John Holland, international business manshare confidential data has become

organisations take by failing to address the issue of computer security are countless. At Axent Technologies, we are addressing these issues by providing sophisticated technology which enables organisations to secure their confidential information."

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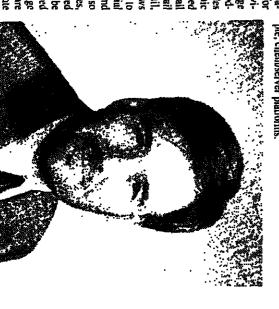


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SECURExchange is an integral part of OmniGuard, Axent's integrated security solution designed to define, manage, implement and enforce enterprise-wide information security policies and procedures across multiple, client/server platforns.



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A Review By UniForum UK

Royscot Trust network

Scot Trust plc has a Banyan Systems' 5.5 nctwork operat5.5 nctwork operatstem to provide and ge an enterprisenetwork across sersranches throughout K. A Royal Bank of and Company, cot Trust is a leading and finance facili-

RoyScot Trust is a leading provider of commercial leasing and finance facilities.

RoyScot Trust's aim is to provide 150 field service employees and 300 head office staff with the systems and timely information they need to compete in the leasing market across a network that is easy to set up and administer, yet quick and resilient as well.

Ed Hennessy, managing director of Bluepoint, the Banyan reseller responsible for the project commented: "This will be the largest Banyan network in the country in terms of disparate locations and largest number of servers." The project represents a £im investment within a much wider IT plan.

Independent market research firm, Dataquest,

commented on Banyan Systems' network technology in their most recent report: "Banyan offers the best networking services solutions on the market with a two-year technological lead on its competition."

To receive a copy of Dataquest's report or further information on Banyan Systems on 01293 612284.

used Novell NetWare before, we found with Vines we were able to leverage our existing IT investment and gain Vines' powerful enterprise functionality, particularly its core StreetTalk directory services," commented John Pollard, RoyScot Trust's finance director. Pollard went on to explain: "Vines proved to be faster than Novellis NetWare by a factor of five to ten. Banyan's StreetTalk directory services has simplified the management of the network, cutting down our management time - and mathem it search to teach

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need to he well thought
in through.

years so we can spot long term trends?

Providing such information needs in a timely and cost-effective way has long been the goal of systems vendors. Two key technologies have now come together to make this a reality. First, the availability of Massively Parallel Systems (such as the GOLDRUSH MegaSERVER from ICL) which are sultable for the commercial, as opposed to the scientific, market. Second, the development of Relational databases that are capable of managing hundreds of

FINANCIAL TIMES

Jnix Conference European

The International Convention Centre in Birmingham will host the lirst European UNIX conference on 1st and 2nd May 1995. This educational conference, which is aimed at 1T directors/managers, will be sponsored by Novell, who acquired UNIX in 1993, and will be supported by X/Open, Uniforum UX and the Gartner Group, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction with the IT weekly publication, and will run in conjunction will take the form of an intensive two-day event. Keynote presentations will address the strategic issues of UNIX's market position and its direction under the ownership of Novell.

Delegates will be able to select from an array of syenkers on topics which will include; user and consultant views of "what to do" and "what to avoid" in system implementation; strategies and methodolo-gies to consider in planning; case studies from users and consultants as well as dis-cussion groups to provide the opportunity to question a panel of each day's speak-ers.

have the option, delegates will have the option to attend a series of compelitive product reviews, including the latest versions of UNIX products such as Unix Ware 2 and Tuxedo, together with an exhibition area of UNIX software houses, vendors, resellers and training organisations.

The conference costs £395 for two days, fully inclusive of all food, refreshments and conference materials. A 10% discount is available to delegates booking before 23rd March.

Conference organiser -Market Events International (MEI) Tel: 0181-944 9403 Fax: 0181-944 0739

Fifth year of UniForum UK's Open

May will see the publication of UniForum UK's fifth chiliton of its Open Systems Guide & Directory.

With over 1,000 listings, it is the most comprehensive, independent guide available. This year's guide contains over 100 pages of valuable market informa-

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Our latest initiative concerns trading standards and the publication of UniForum UK's Trading Standards

corporate or trading member, you can share in the advances being made on your behalf by UniForum UK in the IT industry.

vendors and users to demonstrate the value of using

the Code of Practice to raise confidence in the

opportunity, under the UniForum UK banner, for

Code of Practice. There now exists a unique

purchase of open systems hardware, software and

support services, including IT training.

If you wish to know more about UniForum UK's

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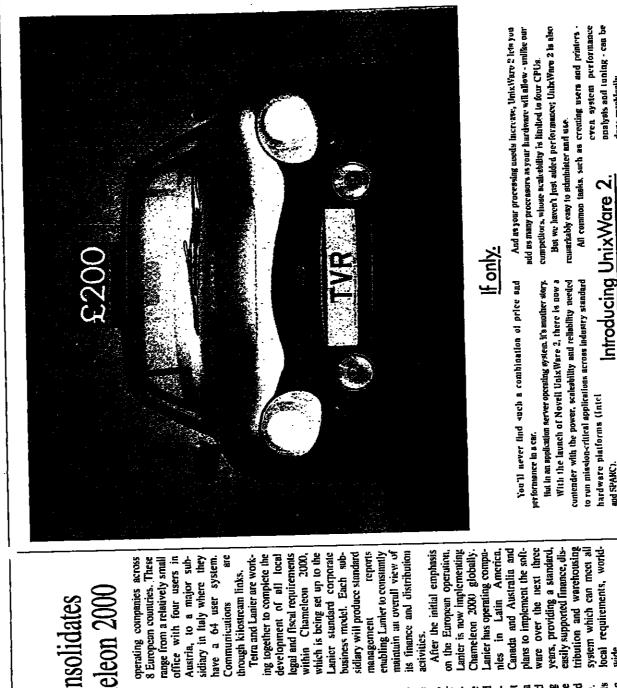
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